



Medium Term Revenue and Expenditure Framework.

Prepared in terms of the Local Government:

Municipal Finance Management Act

(56/2003): Municipal Budget and Reporting

Regulations, Government Gazette 32141, 17

April 2009.

**“Shared
prosperity
through
co-operative
participation”**

**DRAFT ANNUAL
BUDGET 2014/2015**

**SWELLENDAM
MUNICIPALITY**

Table of Contents

GLOSSARY	III
PART 1 – ANNUAL BUDGET	1
SECTION 1 – MAYOR’S REPORT	1
SECTION 2 - COUNCIL RESOLUTIONS	1
SECTION 3 - EXECUTIVE SUMMARY	3
SECTION 4 - ANNUAL BUDGET TABLES.....	20

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

AFS – Annual Financial Statements.

Budget – The financial plan of the Swellendam Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

CFO – Chief Financial Officer of Swellendam Municipality

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

NT – National Treasury

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

R&M – Repairs and maintenance on property, plant and equipment.

SCM – Supply Chain Management.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy – The policy that sets out the rules for budget transfers.

Vote – One of the main segments into which a budget. In Swellendam Municipality this means at directorate level. The votes for Swellendam therefore are:

- Municipal Manager;
- Corporate Services;
- Financial Services;
- Engineers Services; and
- Community Services

Part 1 – Annual Budget

Section 1 – Mayor's Report

MY COMPREHENSIVE REPORT WILL BE INCLUDED IN THE FINAL BUDGET WHICH WILL BE TABLED AT THE END OF MAY 2014

For the interim I wish to give a summary of what my intent was with the compiling process of the 2014/15 budget and what we as Council envisage to achieve with it. Broadly, the following principles were followed:

Once again we are reminded that given on-going economic pressures, the revenue side of the municipal budget will continue to be constrained, so we will need to make some very tough decisions on the expenditure side of the budget.

Priority still needs to be given to:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that *public investments, services, regulations and incentives* are focussed in defined spatial areas (spatial targeting) to optimise overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of the asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants;
- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme; and
- To implement cost containment measures

Furthermore we must also ensure that the capital budget reflects consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

Section 2 - Council Resolutions

The Council approved and adopted the following resolutions:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
 - 1.2.2. Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8;
 - 1.2.4. Asset management as contained in Section 4 of the annual budget report Table A9; and
 - 1.2.5. Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.
2. The Council of Swellendam, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A.
3. To give proper effect to the Municipality's annual budget, the Council of Swellendam Municipality approves:
 - 3.1. That the Municipality be permitted to enter into long-term loans and finance leases for the funding of the capital programmes in respect of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 3.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

Section 3 - Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 77 was used to guide the compilation of the 2014/15 MTREF.

The following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview

			Adjustment Budget 2013/14		Budget 2014/15		% Change
			R		R		
			000		000		
Total Operating Revenue			-183266		-184855		0.87%
Total Operating Expenditure			191367		196199		2.52%
Deficit for the year			8101		11344		
Capital Expenditure			29630		18762		-36.68%

The total operating revenue has increased by only $\pm 1\%$ in the 2014/15 financial year when compared to the 2013/14 Adjustment Budget. This low increase is largely due to a decrease of R6.509 million in National Government operational grants transfers. If the transfers are isolated the revenue increases with R8.198 million (6.47%)

Total operating expenditure for the 2014/15 financial year has been appropriated at R 196.199 million, resulting in an operating budgeted deficit of R11.344 million. This represents an increase of 2.52%. If the operational grants expenditure is isolated, the expenditure increases

with 6.51%. Both the increases in revenue of 6.47% and the counter increase of 6.51% in expenditure are within the fiscal benchmark ceiling as prescribed by National Treasury.

However, when the non-cash entries, totaling R10.8 million, are discounted, a marginal cash deficit of R544000 realizing, which will be funded from the previous year surplus in terms of sec.18 (1) (b) of the MFMA.

With the capital grant transfers of R11.344 million included, a marginal total budgeted deficit of R328000 is anticipated.

This deficit will be addressed during the next three months period of public participation of this draft budget and will possibly change to a marginal profit when the final budget is tabled for approval..

The capital budget of R 18.762 million for 2014/15 is 36% lower when compared to the 2013/14 Adjustment Budget. The capital budget will be funded from Conditional Grants as well as an external loan. Borrowing will contribute R7.746 million of the capital expenditure. There is very little scope to accommodate an increase in the existing borrowing levels over the medium-term and for this reason the capital program as reflected in the IDP and consequently requested by the officials in the annual budget input process was absolutely cut to a level which is affordable. The repayment of capital and interest (debt services costs) will start impacting in the outer years budgets as it is envisaged that the borrowing of the external funds for 2014/15 will only realize at the later part of the 2014/15 budget year.

3.1 Operating Revenue Framework

For Swellendam to improve the quality of services to its citizens, it needs to generate the required revenue to fund the cost of delivering the services as anticipated. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 - Summary of revenue classified by main revenue source

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	19 400	18 534	15 137	25 472	27 492	27 492	–	30 162	31 942	33 699
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	34 117	43 569	48 330	54 579	59 593	59 593	–	63 413	68 471	73 929
Service charges - water revenue	2	7 023	8 397	9 551	10 778	10 860	10 860	–	10 984	11 949	12 997
Service charges - sanitation revenue	2	9 779	9 789	11 241	12 338	12 804	12 804	–	13 812	14 771	15 794
Service charges - refuse revenue	2	5 659	5 520	6 122	6 886	7 100	7 100	–	7 621	8 231	8 889
Service charges - other		–	45	14	24	–	–	–	10	11	11
Rental of facilities and equipment		973	950	1 243	1 004	988	988	–	912	965	1 018
Interest earned - external investments		2 137	721	527	300	400	400	–	450	477	503
Interest earned - outstanding debtors		1 336	1 324	1 156	1 635	1 260	1 260	–	1 300	1 377	1 452
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		1 523	1 271	1 310	1 769	3 319	3 319	–	3 019	3 228	3 450
Licences and permits		5	0	–	1	1	1	–	–	–	–
Agency services		1 879	2 125	3 240	1 969	1 914	1 914	–	2 185	2 314	2 441
Transfers recognised - operational		21 429	22 733	26 129	52 908	56 573	56 573	–	49 964	39 946	42 782
Other revenue	2	1 049	1 264	2 847	1 140	963	963	–	1 024	1 084	1 144
Gains on disposal of PPE		184	–	0	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		106 492	116 241	126 847	170 801	183 266	183 266	–	184 855	184 765	198 111

Revenue generated from rates and services charges forms a significant percentage of the revenue basket of the Municipality. Rates and service charge revenues comprise 74% of the total revenue mix. The percentage revenue generated from rates and services charges in comparison with total revenue is largely due to the share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. This also clearly indicated that the municipalities revenue base is very dependent on the sales of electricity and thus any external impacts on it, influenced the revenue in particular and the entire total budget. This electricity sensitivity is not healthy for the municipality and could have a severe impact if this important revenue resource is threatened by externalities and/or if it is to be withdrawn as a critical function from municipalities. The above table includes revenue foregone and tax rebates arising from discounts and rebates associated with the tariff policies of the Municipality, as the revenue as indicated reflects net figures.

Operating grants and transfers represent R49.954million in the 2014/15 financial year. This amount and the amounts for the outer years are minimum guaranteed transfers from National Government as gazette in the latest DORA. The aforementioned amount has a direct link to expenditure on operational grants, and is only recognized as revenue when the conditions of the transfers made has been met. It might differ from the grants received.

The following table gives a breakdown of the various capital grants and subsidies allocated to the municipality over the medium term as proclaimed in the government gazette:

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		19 398	19 409	22 034	23 589	24 321	–	25 758	25 977	27 188
Local Government Equitable Share		15 267	16 648	18 428	19 857	19 857		20 938	21 855	22 812
Finance Management		3 000	1 250	1 250	1 400	1 400		1 600	1 750	1 900
Municipal Systems Improvement		750	790	800	890	320		115	516	569
EPWP Incentive			262	1 000	1 000	1 000		1 305		
Integrated National Electrification Programme										
Municipal Infrastructure Grant		381	459	556	442	1 744		1 800	1 856	1 907
Provincial Government:		2 529	5 727	5 197	29 319	32 252	–	24 207	13 969	15 594
Housing		2 229	2 875		24 261	25 554		20 894	10 164	11 560
Library Services		300	316	347	344	344		800	530	562
CDW						66				
Organisational Redesign						1 100				
Financial Support				1 350	1 350	1 683				
Mainroad			27	27	23	23		20		
Upgrading of Roads			1 000							
SETA				435						
Library Services-MRF			1 509	3 038	3 341	3 482		2 493	3 275	3 472
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	2	–	–	–	–	–	–
<i>Vegetable Project- Barrydale</i>				2						
Total Operating Transfers and Grants	5	21 928	25 136	27 234	52 908	56 573	–	49 964	39 946	42 782
Capital Transfers and Grants										
National Government:		5 655	10 713	32 169	28 342	27 610	–	10 418	10 348	10 622
Local Government Equitable Share										
Finance Management						570		819	450	450
Municipal Systems Improvement										
EPWP Incentive										
Integrated National Electrification Programme		411	2 000							
Municipal Infrastructure Grant		5 244	8 713	10 569	10 600	9 298		9 599	9 898	10 172
Department of Water Affairs					17 742	17 742				
RBIC				21 600						
Provincial Government:			–	7 329	9 000	632	–	598	–	–
Library Services-MRF						632		598		
Housing				7 329	9 000					
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	5 655	10 713	39 497	37 342	28 242	–	11 016	10 348	10 622
TOTAL RECEIPTS OF TRANSFERS & GRANTS		27 583	35 849	66 731	90 250	84 815	–	60 980	50 294	53 404

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the upper limit (ceiling) of the South African Reserve Bank's inflation

target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases in Eskom bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impacts it have on the municipality's electricity tariffs are largely beyond the control of the Municipality. By not discounting the impact of these price increases in consumer tariffs, it will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

For this reason the existing and prescribed inflation rate of $\pm 6\%$ is merely impossible to be instituted as benchmark in determine the anticipated cost increases. The current challenge facing the Municipality is to manage the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Municipalities have to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring that water and sanitation tariffs are on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure. Water and sanitation tariffs must also be structured to protect basic levels of service, and water and sanitation tariffs are designed to encourage efficient and sustainable consumption. (e.g. through inclining blocks tariffs).

However, during the past few years, Council has approved water tariffs which were not realized sufficient funds to cover the cost as mentioned above, with the result that the municipality has suffered losses. Unfortunately the latter is applicable in this budget again. However, this history of unrealistic low tariffs for water cannot be tolerated further and a comprehensive analyses of the water, sanitation and refuse tariff structure need to be performed by specialist experts in this field. If it is then evident that the tariff structures are insufficient and that the municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time.

The proposed tariff increases are set at:

- Property rates - 7 %
- Electricity - $\pm 5\%$ average (determined by NER)
- Water (units) - 3%
- Water Basic Fee - 16.9 %.
- Refuse Removal - 9.9 %
- Sewerage - 9.9 %

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on income range middle and affordable households, as well as an indigent household receiving free basic services.

Table 5– Household bills

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

Description	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent				% incr.			
Monthly Account for Household - 'Middle Income Range'							
Rates and services charges:							
Property rates	406.52	406.52	406.52	7.0%	434.98	460.65	485.98
Electricity: Basic levy	244.80	244.80	244.80	3.4%	253.20	268.14	282.89
Electricity: Consumption	1 124.00	1 124.00	1 124.00	7.3%	1 206.07	1 277.23	1 347.48
Water: Basic levy	35.46	35.46	35.46	16.9%	41.46	43.91	46.32
Water: Consumption	208.23	208.23	208.23	3.0%	214.48	227.13	239.62
Sanitation	172.72	172.72	172.72	9.0%	188.26	199.37	210.34
Refuse removal	87.37	87.37	87.37	9.0%	95.23	103.80	113.15
Other	–	–	–	–	–	–	–
sub-total	2 279.10	2 279.10	2 279.10	6.8%	2 433.69	2 580.23	2 725.77
VAT on Services	262.16	262.16	262.16		279.82	296.74	313.57
Total large household bill:	2 541.27	2 541.27	2 541.27	6.8%	2 713.51	2 876.97	3 039.34
% increase/-decrease	0.5%	–	–		6.8%	6.0%	5.6%

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

Description	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent				% incr.			
Monthly Account for Household - 'Affordable Range'							
Rates and services charges:							
Property rates	287.83	287.83	287.83	7.0%	307.98	326.15	344.09
Electricity: Basic levy	244.80	244.80	244.80	3.4%	253.20	268.14	282.89
Electricity: Consumption	456.00	456.00	456.00	7.0%	488.07	516.87	545.29
Water: Basic levy	35.46	35.46	35.46	16.9%	41.46	43.91	46.32
Water: Consumption	161.83	161.83	161.83	3.0%	166.68	176.52	186.23
Sanitation	172.72	172.72	172.72	9.0%	188.26	199.37	210.34
Refuse removal	87.37	87.37	87.37	9.0%	95.23	103.80	113.15
Other	–	–	–	–	–	–	–
sub-total	1 446.01	1 446.01	1 446.01	6.6%	1 540.89	1 634.76	1 728.30
VAT on Services	162.15	162.15	162.15		172.61	183.20	193.79
Total small household bill:	1 608.16	1 608.16	1 608.16	6.6%	1 713.50	1 817.96	1 922.09
% increase/-decrease	2.2%	–	–		6.6%	6.1%	5.7%

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free

Description	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent				% incr.			
Monthly Account for Household - 'Indigent' Household receiving free basic services							
Rates and services charges:							
Property rates	118.69	118.69	118.69	7.0%	127.00	134.49	141.89
Electricity : Basic levy	72.30	72.30	72.30	3.7%	75.00	79.43	83.79
Electricity : Consumption	261.00	261.00	261.00	6.6%	278.10	294.51	310.71
Water: Basic levy	–	–	–	–	–	–	–
Water: Consumption	115.43	115.43	115.43	3.0%	118.89	125.91	132.83
Sanitation	–	–	–	–	–	–	–
Refuse removal	–	–	–	–	–	–	–
Other							
sub-total	567.42	567.42	567.42	5.6%	598.99	634.34	669.22
VAT on Services	62.82	62.82	62.82	–	66.08	69.98	73.83
Total small household bill:	630.25	630.25	630.25	5.5%	665.07	704.31	743.05
% increase/-decrease	(25.1%)	–	–		5.5%	5.9%	5.5%

From the above tables it is evident that the total average increase in the total monthly accounts will be:

1. Middle income group 6.8%/month
2. Low income group 6.6%/month
3. Indigent group 5.5%/month

Income forgone (Free Basic Services and other rebates)

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. Rebates and exemptions in terms of sec. 15 of the Municipal Property Rates Act of 2004 are applicable to those who qualify for it in terms of the act.

To receive these rebates and free services the households are required to register in terms of the Municipality's Indigent Policy.

At present there are 1527 indigent households and 196 poor households which are entitled to rebates and subsidies as defined and set out in Councils Credit Control Policy

The following rebates are incorporated in the budget:

Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework		
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Households receiving Free Basic Service</u>				
Water (6 kilolitres per household per month)		5 889	5 889	5 889
Electricity/other energy (50kwh per household per month)		1 527	1 527	1 527
Electricity/other energy (20kwh per household per month)		4 406	4 406	4 406
Sanitation (free minimum level service)		1 527	1 527	1 527
Sanitation (50% fee)		196	196	196
Refuse (removed at least once a week)		1 527	1 527	1 527
Refuse (50% fee)		196	196	196
<u>Cost of Free Basic Services provided (R'000)</u>				
Water (6 kilolitres per household per month)		2 867	3 043	3 225
Sanitation (free sanitation service)		1 812	1 924	2 041
Electricity/other energy (20kwh per household per month)		1 150	1 219	1 286
Electricity/other energy (50kwh per household per month)		997	1 056	1 115
Refuse (removed once a week)		1 609	1 614	1 620
Total cost of FBS provided (minimum social package)		8 434	8 856	9 287
<u>Revenue cost of free services provided (R'000)</u>				
Property rates (R15 000 threshold rebate)		859	910	960
Property rates (other exemptions, reductions and rebates)		3 608	3 825	4 054
Water		3 350	3 547	3 742
Sanitation		3 468	3 673	3 875
Electricity/other energy		1 459	1 545	1 630
Refuse		1 857	2 024	2 206
Total revenue cost of free services provided (total social package)		14 601	15 524	16 467

The total cost of the social package in respect of the income forgone on free services is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. The rebates on the tax are largely discounted as a direct cost.

3.2 Operating Expenditure Framework

The following table is a high level summary of the 2014/2015 budget and MTREF (classified per main type of operating expenditure):

Table 6 - Summary of operating expenditure by standard classification item

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type											
Employee related costs	2	38 157	42 520	49 073	56 237	57 717	57 717	–	67 398	71 617	76 084
Remuneration of councillors		2 474	2 788	2 767	3 000	3 373	3 373		3 526	3 734	3 939
Debt impairment	3	6 836	2 277	4 164	4 637	4 637	4 637		2 765	2 928	3 089
Depreciation & asset impairment	2	5 712	6 242	6 979	6 002	6 002	6 002	–	8 944	9 472	9 993
Finance charges		5 677	6 005	5 181	7 386	6 742	6 742		6 136	6 498	6 855
Bulk purchases	2	22 787	30 560	33 992	37 410	39 450	39 450	–	41 848	44 317	46 754
Other materials	8	968	1 090	1 453	1 546	1 273	1 273		1 519	1 583	1 670
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		1 250	1 250	1 247	1 390	1 412	1 412	–	1 690	1 790	1 888
Other expenditure	4, 5	33 587	38 211	34 044	60 859	70 762	70 762	–	62 374	52 765	56 558
Loss on disposal of PPE		23	37	13	–	–	–		–	–	–
Total Expenditure		117 470	130 980	138 913	178 467	191 367	191 367	–	196 199	194 703	206 831

The budgeted allocation for employee related costs for the 2014/15 financial year totals R 67.396 million, which represents 34.35% of the total expenditure budget, and an increase of 16.77% in the 2013/14 employee cost. Based on the guidelines provided by National treasury, salary increases have been factored into this budget at a percentage increase of 6.9 % for the 2014/15 financial year. An annual increase of 6.4% has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision for debt impairment was determined based on an annual collection rate of 95 %. The accumulated provision is over funded at present and it was appropriate to lower the budgeted provision accordingly.

Provision for depreciation and asset impairment has been informed by the asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R8.944 million for the 2014/15 financial year and represent 4.6% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges representing 3.1% (R6.135 million) of operating expenditure excluding annual redemption for 2014/15

Bulk purchases are directly influenced by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly impacting the revenue provisions. The expenditure includes distribution losses. Bulk purchases represent 21.3 % (R41.848 million) of operating expenditure for the 2014/2015 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality; as example the operational expenditure on grants and subsidies, repairs and maintenance and other services. Growth on line items other than those linked to grant expenditure has been limited. Further details relating to other expenditure can be seen in Table SA1.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

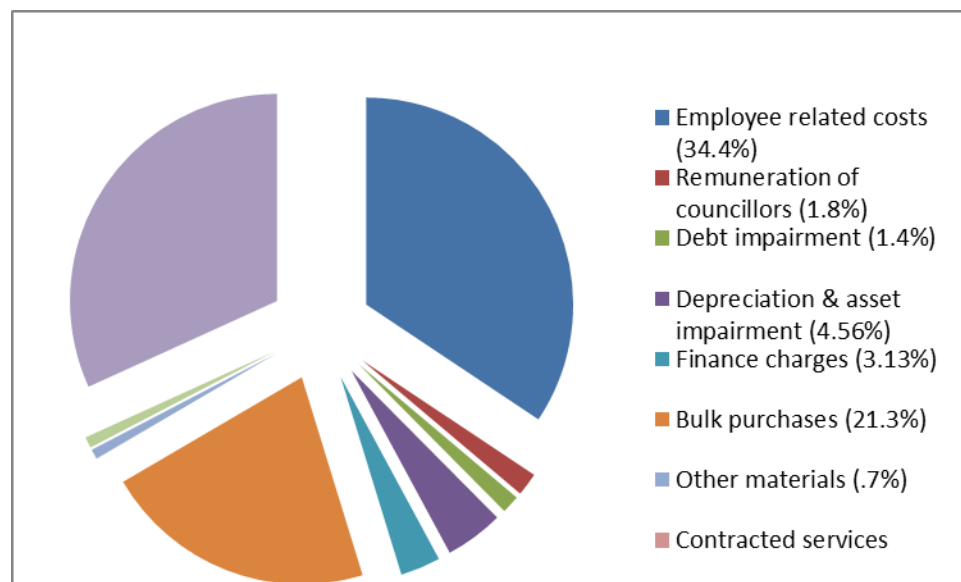


Figure 1 - Main operational expenditure categories for the 2013/14 financial year

Repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance are not considered a direct expenditure river but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. At current the Municipality cannot report on the outcome of the different cost drivers combined to Repairs and maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class and reflects only purchase of materials and some contracted services.

Table 7 - Repairs and maintenance per asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		8 752	5 669	5 116	6 069	6 112	–	7 704	8 133	8 580
Infrastructure - Road transport		5 330	2 291	1 767	1 930	2 560	–	2 137	2 237	2 360
Roads, Pavements & Bridges		5 330	2 291	1 767	1 930	2 560		2 137	2 237	2 360
Storm water		–	–	–	–	–		–	–	–
Infrastructure - Electricity		1 516	1 146	818	1 447	907	–	2 957	3 131	3 304
Generation		–	–	–	–	–		–	–	–
Transmission & Reticulation		994	988	670	1 202	782		2 757	2 920	3 080
Street Lighting		522	158	147	245	125		200	212	223
Infrastructure - Water		1 350	1 507	1 955	1 965	1 650	–	1 896	2 008	2 118
Dams & Reservoirs		34	71	70	71	18		22	23	25
Water purification		907	1 051	1 449	1 541	1 279		1 521	1 610	1 699
Reticulation		410	385	436	353	353		353	374	395
Infrastructure - Sanitation		514	533	535	544	572	–	621	658	694
Reticulation		366	284	319	328	301		290	307	324
Sewerage purification		147	249	216	217	271		331	351	370
Infrastructure - Other		42	192	41	183	423	–	93	98	104
Waste Management		42	192	41	183	423		93	98	104
Transportation	2	–	–	–						
Gas		–	–	–						
Other	3									
Community		1 000	1 093	1 177	1 505	2 449	–	1 790	1 896	2 000
Parks & gardens		466	422	494	535	750		595	630	665
Sportsfields & stadia		1	–	–	1	1		1	1	1
Swimming pools		–	–	–	–	–		–	–	–
Community halls		160	169	117	117	142		146	155	163
Libraries		55	38	141	153	617		334	354	373
Recreational facilities		148	193	265	436	631		456	483	509
Fire, safety & emergency		58	169	94	172	172		127	135	142
Security and policing		–	–	–	–	–		–	–	–
Buses	7	–	–	–	–	–		–	–	–
Clinics		–	–	–	–	–		–	–	–
Museums & Art Galleries		–	–	–	–	–		–	–	–
Cemeteries		113	102	66	91	136		131	139	147
Social rental housing	8	–	–	–	–	–		–	–	–
Other		–	–	–	–	–		–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		5 878	12 047	4 219	5 013	4 771	–	4 414	4 674	4 931
General v ehicles		3 546	742	861	1 758	1 127		1 156	1 224	1 292
Specialised vehicles	10	–	448	329	400	400	–	250	265	279
Plant & equipment		635	653	567	696	664		597	632	667
Computers - hardware/equipment		741	8 926	1 588	1 174	1 701		1 361	1 441	1 521
Furniture and other office equipment		62	69	41	102	91		122	130	137
Abattoirs		–	–	–	–	–		–	–	–
Markets		–	–	–	–	–		–	–	–
Civic Land and Buildings		370	691	320	475	296		164	173	183
Other Buildings		375	339	329	163	167		508	538	568
Other Land		150	179	183	246	326		256	271	286
Surplus Assets - (Investment or Inventory)		–	–	–	–	–		–	–	–
Other		–	–	–	–	–		–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	15 631	18 809	10 513	12 586	13 332	–	13 908	14 703	15 511

Specialised vehicles		–	448	329	400	400	–	250	265	279
Refuse		–	448	329	400	400		250	265	279

For the 2014/15 financial year, 55.39 % or R 7.704 million of total repairs and maintenance will be spent on infrastructure assets. Road and electricity infrastructure have received a significant proportion of this allocation...

3.3 Capital expenditure

The table below provides a breakdown of budgeted capital expenditure by vote.

Table 8 - Capital budget per vote

Vote Description R thousand	Ref	2014/15 Medium Term Revenue & Expenditure Framework		
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure	1			
Vote 1 - Municipal Manager		–	–	–
Vote 2 - Corporate Services		368	–	–
Vote 3 - Finance Service		529	450	450
Vote 4 - Engineers Service		15 522	12 663	12 314
Vote 5 - Community Services		2 343	–	700
<i>List entity summary if applicable</i>				
Total Capital Expenditure		18 762	13 113	13 464
Future operational costs by vote	2			
Vote 1 - Municipal Manager		–	–	–
Vote 2 - Corporate Services		5 030	5 327	5 620
Vote 3 - Finance Service		–	–	–
Vote 4 - Engineers Service		–	–	–
Vote 5 - Community Services		1 106	1 171	1 236
<i>List entity summary if applicable</i>				
Total future operational costs		6 136	6 498	6 855

The future capital cost (interest on the loan to finance the capital) amounted to R6.136 million .

The table below provides a breakdown of budgeted capital expenditure per asset class.

Table 9 - Capital budget per asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	56 542	27 997	-	14 435	10 253	10 372
Infrastructure - Road transport		-	-	-	-	2 734	-	2 078	130	-
Roads, Pavements & Bridges					-	2 734		2 078	130	-
Storm water					-	-		-	-	-
Infrastructure - Electricity		-	-	-	700	820	-	1 000	150	150
Generation					-	-		-	-	-
Transmission & Reticulation					700	820		1 000	150	150
Street Lighting					-	-		-	-	-
Infrastructure - Water		-	-	-	29 100	6 654	-	6 923	3 625	50
Dams & Reservoirs					18 500	6 609		6 923	3 625	50
Water purification					-	45		-	-	-
Reticulation					10 600	-		-	-	-
Infrastructure - Sanitation		-	-	-	26 742	17 789	-	4 359	6 348	10 172
Reticulation					9 000	27		-	-	-
Sewerage purification					17 742	17 762		4 359	6 348	10 172
Infrastructure - Other		-	-	-	-	-	-	75	-	-
Waste Management					-	-		-	-	-
Transportation	2				-	-		-	-	-
Gas					-	-		-	-	-
Other	3				-	-		75	-	-
Community		-	-	-	-	529	-	-	-	-
Parks & gardens					-	-		-	-	-
Sportsfields & stadia					-	27		-	-	-
Swimming pools					-	-		-	-	-
Community halls					-	-		-	-	-
Libraries					-	502		-	-	-
Recreational facilities					-	-		-	-	-
Fire, safety & emergency					-	-		-	-	-
Security and policing					-	-		-	-	-
Buses	7				-	-		-	-	-
Clinics					-	-		-	-	-
Museums & Art Galleries					-	-		-	-	-
Cemeteries					-	-		-	-	-
Social rental housing	8				-	-		-	-	-
Other					-	-		-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings					-	-		-	-	-
Other	9				-	-		-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development					-	-		-	-	-
Other					-	-		-	-	-
Other assets		-	-	-	1 900	1 104	-	2 677	450	717
General vehicles					1 500	-		-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment					400	192		785	-	-
Computers - hardware/equipment					-	680		829	450	450
Furniture and other office equipment					-	187		351	-	-
Abattoirs					-	-		-	-	-
Markets					-	-		-	-	-
Civic Land and Buildings					-	-		-	-	-
Other Buildings					-	45		712	-	267
Other Land					-	-		-	-	-
Surplus Assets - (Investment or Inventory)					-	-		-	-	-
Other					-	-		-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class					-	-		-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class					-	-		-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming					-	-		-	-	-
Other (list sub-class)					-	-		-	-	-
Total Capital Expenditure on new assets	1	-	-	-	58 442	29 630	-	17 112	10 703	11 089

For 2014/15 an amount of R 14.435 million has been appropriated for the development of infrastructure which represents 76.9 % of the total capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) whilst Tables SA34a, SA34b, SA34c, SA34d provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal, operational repairs and maintenance and depreciation charges by asset class.

The table below provides a breakdown of budgeted capital expenditure by funding source.

Total Capital Expenditure - Standard	3	37 014	20 174	45 380	58 442	29 630	29 630	-	18 762	13 113	13 464
Funded by:											
National Government		34 703	8 838	34 027	28 342	27 610	27 610		10 418	10 348	10 622
Provincial Government			8 005	9 365	9 000	632	632		598	-	-
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	34 703	16 843	43 392	37 342	28 242	28 242	-	11 016	10 348	10 622
Public contributions & donations	5										
Borrowing	6				20 000				7 746	855	775
Internally generated funds		2 311	3 331	1 988	1 100	1 388	1 388			1 910	2 067
Total Capital Funding	7	37 014	20 174	45 380	58 442	29 630	29 630	-	18 762	13 113	13 464

The concern as already mentioned is the sustainability and affordability of future new borrowings.

Section 4 - Annual Budget Tables

Section 4 presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as tabled to Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	19 400	18 534	15 137	25 472	27 492	27 492	–	30 162	31 942	33 699
Service charges	56 577	67 319	75 258	84 605	90 357	90 357	–	95 840	103 432	111 621
Investment revenue	2 137	721	527	300	400	400	–	450	477	503
Transfers recognised - operational	21 429	22 733	26 129	52 908	56 573	56 573	–	49 964	39 946	42 782
Other own revenue	6 949	6 935	9 796	7 517	8 444	8 444	–	8 439	8 968	9 506
Total Revenue (excluding capital transfers and contributions)	106 492	116 241	126 847	170 801	183 266	183 266	–	184 855	184 765	198 111
Employee costs	38 157	42 520	49 073	56 237	57 717	57 717	–	67 398	71 617	76 084
Remuneration of councillors	2 474	2 788	2 767	3 000	3 373	3 373	–	3 526	3 734	3 939
Depreciation & asset impairment	5 712	6 242	6 979	6 002	6 002	6 002	–	8 944	9 472	9 993
Finance charges	5 677	6 005	5 181	7 386	6 742	6 742	–	6 136	6 498	6 855
Materials and bulk purchases	23 755	31 651	35 445	38 956	40 723	40 723	–	43 366	45 900	48 424
Transfers and grants	1 250	1 250	1 247	1 390	1 412	1 412	–	1 690	1 790	1 888
Other expenditure	40 446	40 525	38 221	65 496	75 398	75 398	–	65 139	55 693	59 647
Total Expenditure	117 470	130 980	138 913	178 467	191 367	191 367	–	196 199	194 703	206 831
Surplus/(Deficit)	(10 978)	(14 738)	(12 066)	(7 666)	(8 101)	(8 101)	–	(11 344)	(9 939)	(8 720)
Transfers recognised - capital	34 703	16 843	43 392	37 342	28 242	28 242	–	11 016	10 348	10 622
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	23 725	2 105	31 326	29 676	20 141	20 141	–	(328)	409	1 902
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	23 725	2 105	31 326	29 676	20 141	20 141	–	(328)	409	1 902
Capital expenditure & funds sources										
Capital expenditure	37 014	20 174	45 380	58 442	29 630	29 630	–	18 762	13 113	13 464
Transfers recognised - capital	34 703	16 843	43 392	37 342	28 242	28 242	–	11 016	10 348	10 622
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	20 000	–	–	–	7 746	855	775
Internally generated funds	2 311	3 331	1 988	1 100	1 388	1 388	–	–	1 910	2 067
Total sources of capital funds	37 014	20 174	45 380	58 442	29 630	29 630	–	18 762	13 113	13 464
Financial position										
Total current assets	53 277	39 224	33 298	15 988	32 271	–	–	31 523	29 567	31 615
Total non current assets	196 579	217 213	255 392	297 315	278 719	–	–	288 446	292 062	295 513
Total current liabilities	32 562	33 869	35 777	34 958	38 225	–	–	40 643	41 741	45 570
Total non current liabilities	66 085	61 703	60 723	107 977	60 433	–	–	67 322	67 475	67 243
Community wealth/Equity	151 209	160 864	192 190	170 369	212 331	–	–	212 003	212 413	214 315
Cash flows										
Net cash from (used) operating	(6 075)	11 189	45 901	32 426	33 700	–	–	9 644	11 455	9 991
Net cash from (used) investing	(36 994)	(19 999)	(45 396)	(58 442)	(29 558)	–	–	(18 690)	(13 113)	(13 464)
Net cash from (used) financing	21 179	(1 508)	(1 156)	18 088	(1 940)	–	–	5 691	(958)	(1 730)
Cash/cash equivalents at the year end	15 988	5 670	5 020	(3 726)	7 222	–	–	3 867	1 251	(3 952)
Cash backing/surplus reconciliation										
Cash and investments available	15 988	5 670	5 020	(3 726)	7 222	–	–	3 867	1 251	(3 952)
Application of cash and investments	17 245	18 428	24 588	16 055	30 424	–	–	30 555	30 076	25 932
Balance - surplus (shortfall)	(1 256)	(12 757)	(19 568)	(19 781)	(23 202)	–	–	(26 688)	(28 826)	(29 884)
Asset management										
Asset register summary (WDV)	194 969	212 770	251 188	296 902	274 816	–	–	284 635	288 276	291 752
Depreciation & asset impairment	5 712	6 242	6 979	6 002	6 002	–	–	8 944	9 472	9 993
Renewal of Existing Assets	–	–	–	–	–	–	–	1 650	2 410	2 375
Repairs and Maintenance	15 631	18 809	10 513	12 586	13 332	–	–	13 908	14 703	15 511
Free services										
Cost of Free Basic Services provided	–	–	–	6 847	8 489	–	–	8 434	8 856	9 287
Revenue cost of free services provided	–	–	–	25 868	15 729	–	–	14 601	15 524	16 467
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of how the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.
The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is supposed to be positive over the MTREF.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
 - iii. Internally generated funds are supposed to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years; **this is not the case and for this very reason no internally funds have been made available for capital funding.** The municipality's cash flow should remain positive. The cash flow is **indicating that there is not enough cash resources** available to fund the Capital Budget and that the municipality is dependent on borrowing and Government Grants and Subsidies to finance future capital needs
 - iv. This scenario will remain a reality unless Council embarked on a process to start building on cash reserves which will have a direct impact on future tariffs and taxes to be levied.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		30 413	39 903	46 414	51 752	54 840	54 840	56 157	59 184	62 248
Executive and council		22 895	35 285	40 588	45 342	48 526	48 526	51 113	53 811	56 525
Budget and treasury office		7 032	4 128	5 347	5 761	5 861	5 861	4 493	4 791	5 108
Corporate services		486	490	480	650	453	453	550	582	614
<i>Community and public safety</i>		1 907	4 936	12 427	29 016	31 050	31 050	25 742	14 984	16 664
Community and social services		1 904	4 933	12 424	29 015	31 050	31 050	25 740	14 981	16 662
Sport and recreation		3	3	3	1	1	1	2	3	3
Public safety		0	0	0	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 256	20 645	39 930	42 708	35 196	35 196	18 096	17 474	18 158
Planning and development		153	133	156	131	156	156	167	177	187
Road transport		33 103	20 513	39 774	42 577	35 040	35 040	17 929	17 297	17 972
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		75 619	67 600	71 468	84 667	90 421	90 421	95 876	103 471	111 662
Electricity		41 099	43 871	46 972	54 656	59 642	59 642	63 448	68 508	73 968
Water		12 139	8 407	8 840	10 788	10 875	10 875	10 996	11 962	13 010
Waste water management		16 723	9 802	10 270	12 338	12 804	12 804	13 811	14 771	15 794
Waste management		5 659	5 520	5 386	6 886	7 100	7 100	7 621	8 231	8 889
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	141 195	133 084	170 239	208 143	211 507	211 507	195 871	195 112	208 732
Expenditure - Standard										
<i>Governance and administration</i>		33 335	42 411	41 557	47 469	50 286	50 286	48 254	51 195	54 202
Executive and council		9 894	15 522	17 068	19 580	21 217	21 217	20 449	21 614	22 787
Budget and treasury office		19 972	23 242	18 542	20 618	22 289	22 289	20 110	21 403	22 733
Corporate services		3 469	3 647	5 947	7 272	6 781	6 781	7 696	8 178	8 683
<i>Community and public safety</i>		13 284	15 439	14 403	39 445	42 628	42 628	39 156	29 561	32 135
Community and social services		11 905	14 169	13 169	37 890	41 045	41 045	37 348	27 646	30 115
Sport and recreation		159	194	207	218	393	393	200	212	223
Public safety		1 220	1 076	1 027	1 338	1 190	1 190	1 608	1 703	1 797
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19 787	18 371	20 181	19 834	24 375	24 375	28 086	28 403	30 095
Planning and development		820	858	1 041	768	1 231	1 231	2 469	2 615	2 759
Road transport		18 967	17 513	19 140	19 066	23 144	23 144	25 616	25 788	27 337
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		49 956	53 803	61 772	70 653	72 988	72 988	79 337	84 096	88 871
Electricity		30 389	36 273	40 983	47 829	49 500	49 500	55 106	58 379	61 632
Water		9 067	7 374	8 627	10 428	10 736	10 736	11 164	11 850	12 553
Waste water management		4 919	4 412	6 647	5 790	5 318	5 318	7 237	7 684	8 145
Waste management		5 581	5 745	5 515	6 605	7 433	7 433	5 829	6 183	6 541
<i>Other</i>	4	1 108	956	1 000	1 066	1 090	1 090	1 367	1 448	1 527
Total Expenditure - Standard	3	117 470	130 980	138 913	178 466	191 367	191 367	196 199	194 703	206 830
Surplus/(Deficit) for the year		23 725	2 104	31 326	29 676	20 141	20 141	(328)	409	1 902

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenue (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Executive and Council.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - Municipal Manager		190	155	168	162	228	228	114	121	127
Vote 2 - Corporate Services		23 538	35 980	41 449	46 290	49 247	49 247	51 905	54 649	57 410
Vote 3 - Finance Service		7 032	4 128	5 347	5 761	5 861	5 861	4 493	4 791	5 108
Vote 4 - Engineers Service		99 682	79 233	101 324	116 639	113 147	113 147	100 999	107 016	114 874
Vote 5 - Community Services		10 753	13 588	21 950	39 291	43 025	43 025	38 360	28 536	31 213
Total Revenue by Vote	2	141 195	133 084	170 239	208 143	211 507	211 507	195 871	195 112	208 732
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Manager		3 815	5 351	7 244	7 132	6 795	6 795	7 345	7 796	8 259
Vote 2 - Corporate Services		11 917	16 168	18 007	22 320	24 136	24 136	24 771	26 202	27 648
Vote 3 - Finance Service		19 972	23 242	18 542	20 618	22 289	22 289	20 110	21 403	22 733
Vote 4 - Engineers Service		60 674	62 008	71 468	79 567	83 143	83 143	93 639	97 866	103 457
Vote 5 - Community Services		21 093	24 212	23 652	48 831	55 004	55 004	50 333	41 435	44 733
Total Expenditure by Vote	2	117 470	130 980	138 913	178 466	191 367	191 367	196 199	194 703	206 830
Surplus/(Deficit) for the year	2	23 725	2 104	31 326	29 676	20 141	20 141	(328)	409	1 902

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This is the level at which Council will approve the budget in terms of Sect 24(2) (c) (iii).

Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Revenue By Source											
Property rates	2	19 400	18 534	15 137	25 472	27 492	27 492	–	30 162	31 942	33 699
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	34 117	43 569	48 330	54 579	59 593	59 593	–	63 413	68 471	73 929
Service charges - water revenue	2	7 023	8 397	9 551	10 778	10 860	10 860	–	10 984	11 949	12 997
Service charges - sanitation revenue	2	9 779	9 789	11 241	12 338	12 804	12 804	–	13 812	14 771	15 794
Service charges - refuse revenue	2	5 659	5 520	6 122	6 886	7 100	7 100	–	7 621	8 231	8 889
Service charges - other		–	45	14	24	–	–		10	11	11
Rental of facilities and equipment		973	950	1 243	1 004	988	988		912	965	1 018
Interest earned - external investments		2 137	721	527	300	400	400		450	477	503
Interest earned - outstanding debtors		1 336	1 324	1 156	1 635	1 260	1 260		1 300	1 377	1 452
Dividends received		–	–	–	–	–	–		–	–	–
Fines		1 523	1 271	1 310	1 769	3 319	3 319		3 019	3 228	3 450
Licences and permits		5	0	–	1	1	1		–	–	–
Agency services		1 879	2 125	3 240	1 969	1 914	1 914		2 185	2 314	2 441
Transfers recognised - operational		21 429	22 733	26 129	52 908	56 573	56 573		49 964	39 946	42 782
Other revenue	2	1 049	1 264	2 847	1 140	963	963	–	1 024	1 084	1 144
Gains on disposal of PPE		184	–	0							
Total Revenue (excluding capital transfers and contributions)		106 492	116 241	126 847	170 801	183 266	183 266	–	184 855	184 765	198 111
Expenditure By Type											
Employee related costs	2	38 157	42 520	49 073	56 237	57 717	57 717	–	67 398	71 617	76 084
Remuneration of councillors		2 474	2 788	2 767	3 000	3 373	3 373		3 526	3 734	3 939
Debt impairment	3	6 836	2 277	4 164	4 637	4 637	4 637		2 765	2 928	3 089
Depreciation & asset impairment	2	5 712	6 242	6 979	6 002	6 002	6 002	–	8 944	9 472	9 993
Finance charges		5 677	6 005	5 181	7 386	6 742	6 742		6 136	6 498	6 855
Bulk purchases	2	22 787	30 560	33 992	37 410	39 450	39 450	–	41 848	44 317	46 754
Other materials	8	968	1 090	1 453	1 546	1 273	1 273		1 519	1 583	1 670
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		1 250	1 250	1 247	1 390	1 412	1 412	–	1 690	1 790	1 888
Other expenditure	4, 5	33 587	38 211	34 044	60 859	70 762	70 762	–	62 374	52 765	56 558
Loss on disposal of PPE		23	37	13	–	–	–		–	–	–
Total Expenditure		117 470	130 980	138 913	178 467	191 367	191 367	–	196 199	194 703	206 831
Surplus/(Deficit)		(10 978)	(14 739)	(12 066)	(7 666)	(8 101)	(8 101)	–	(11 344)	(9 939)	(8 720)
Transfers recognised - capital		34 703	16 843	43 392	37 342	28 242	28 242		11 016	10 348	10 622
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		23 725	2 104	31 326	29 676	20 141	20 141	–	(328)	409	1 902
Taxation											
Surplus/(Deficit) after taxation		23 725	2 104	31 326	29 676	20 141	20 141	–	(328)	409	1 902
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		23 725	2 104	31 326	29 676	20 141	20 141	–	(328)	409	1 902
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		23 725	2 104	31 326	29 676	20 141	20 141	–	(328)	409	1 902

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue amounted to R184.855 million for 2014/15.
2. Revenue to be generated from property rates is R 30.162 million in the 2014/15 financial year which represents 16.31% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the largest component of the revenue basket of the Municipality totaling R 95.835 million for the 2014/15 financial year and reflecting 52.69% of the total revenue base.
4. Transfers of operating grants recognized, includes the local government equitable share and other operating grants received from national and provincial government. This revenue only realizing after preset conditions were met. It needs to be noted that the transfers recognize fluctuates due to the nature of expenses in the provincial housing grant.
5. More detail regarding the employee related cost and the remuneration of Councilors are provided in Section 12 of this report.
6. More emphasis will be placed on the Debt impairment; depreciation charges and the Finance charges in Section 10 – Budget Funding.
7. Bulk purchases have significantly increased over the 2009/2010 to 2014/15 period escalating from R16.673 million to R 41.868 million. These increases directly attributed to the substantial increase in the cost of bulk electricity from Eskom.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified and instituted to reduce the impact of wage and bulk tariff increases in future years.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance Service		-	-	-	-	-	-	-	529	450	450
Vote 4 - Engineers Service		-	-	-	9 000	-	-	-	910	10 548	4 689
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	9 000	-	-	-	1 439	10 998	5 139
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		-	-	-	-	50	50	-	-	-	-
Vote 2 - Corporate Services		84	3	322	-	145	145	-	368	-	-
Vote 3 - Finance Service		367	524	368	-	528	528	-	-	-	-
Vote 4 - Engineers Service		33 579	19 605	40 891	49 042	28 050	28 050	-	14 612	2 115	7 625
Vote 5 - Community Services		2 983	42	3 800	400	858	858	-	2 343	-	700
Capital single-year expenditure sub-total		37 013	20 174	45 380	49 442	29 630	29 630	-	17 322	2 115	8 325
Total Capital Expenditure - Vote		37 013	20 174	45 380	58 442	29 630	29 630	-	18 762	13 113	13 464
Capital Expenditure - Standard											
Governance and administration		451	527	830	-	606	606	-	1 006	450	717
Executive and council				140	-	50	50		50	-	-
Budget and treasury office		367	524	368	-	528	528		529	450	450
Corporate services		84	3	322	-	29	29		427	-	267
Community and public safety		2 567	625	2 170	400	851	851	-	2 343	-	700
Community and social services		2 066	625	2 170	400	227	227		1 588	-	700
Sport and recreation		501				27	27		-	-	-
Libraries and Archives						589	589		355	-	-
Public safety						5	5		-	-	-
Other Community						3	3		400	-	-
Health						-	-		-	-	-
Economic and environmental services		-	-	-	-	145	145	-	291	-	-
Planning and development						145	145		291	-	-
Road transport		9 322				2 734	2 734		2 840	2 540	1 675
Roads		9 322				2 734	2 734		2 840	2 540	1 675
Trading Services		24 674	18 861	42 380	58 042	25 294	25 294	-	12 282	10 123	10 372
Electricity		3 100	392		700	826	826		1 000	150	150
Water		849	100		16 100	6 672	6 672		6 923	3 625	50
Waste water management		20 308	18 369	42 380	41 242	17 789	17 789		4 359	6 348	10 172
Waste management		417			-	7	7		-	-	-
Other			161								
Total Capital Expenditure - Standard	3	37 014	20 174	45 380	58 442	29 630	29 630	-	18 762	13 113	13 464
Funded by:											
National Government		34 703	8 838	34 027	28 342	27 610	27 610		10 418	10 348	10 622
Provincial Government			8 005	9 365	9 000	632	632		598	-	-
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	34 703	16 843	43 392	37 342	28 242	28 242	-	11 016	10 348	10 622
Public contributions & donations	5										
Borrowing	6				20 000				7 746	855	775
Internally generated funds		2 311	3 331	1 988	1 100	1 388	1 388		1 910		2 067
Total Capital Funding	7	37 014	20 174	45 380	58 442	29 630	29 630	-	18 762	13 113	13 464

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relates to expenditure will incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from new borrowings and government grants and transfers. As mentioned previously the funding source of new borrowings is a remaining problem and is the municipality dependent on the bank sector and there risk assessment process to raise future loans.
5. For 2014/2015, capital transfers from National Government amounting to R11.016 million.

6. Table A6 -Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		2 409	5 670	3 892		6 093			1 993		
Call investment deposits	1	13 579	–	1 127	–	1 128	–	–	1 875		–
Consumer debtors	1	17 085	12 933	9 202	12 333	5 601	–	–	7 875	10 362	13 085
Other debtors		2 869	4 107	2 452	3 610	2 824			3 000	2 800	2 400
Current portion of long-term receivables		65	45	61	45	61			80	105	130
Inventory	2	17 270	16 468	16 563		16 563			16 700	16 300	16 000
Total current assets		53 277	39 224	33 298	15 988	32 271	–	–	31 523	29 567	31 615
Non current assets											
Long-term receivables		575	358	286	413	214			123	98	73
Investments											
Investment property		21 202	25 334	25 314	17 509	25 314			25 314	25 314	25 314
Investment in Associate											
Property, plant and equipment	3	173 662	187 355	225 819	279 312	249 448	–	–	259 266	262 907	266 378
Agricultural											
Biological											
Intangible		106	81	55	81	55			55	55	60
Other non-current assets		1 035	4 085	3 918		3 688			3 688	3 688	3 688
Total non current assets		196 579	217 213	255 392	297 315	278 719	–	–	288 446	292 062	295 513
TOTAL ASSETS		249 856	256 437	288 690	313 304	310 990	–	–	319 969	321 629	327 128
LIABILITIES											
Current liabilities											
Bank overdraft	1				3 727					(1 251)	3 952
Borrowing	4	1 481	1 708	2 000	1 995	2 042	–	–	2 151	2 607	2 653
Consumer deposits		1 014	1 102	1 152	1 184	1 212			1 272	1 305	1 365
Trade and other payables	4	26 172	22 591	22 876	20 543	25 556	–	–	27 127	28 127	26 000
Provisions		3 895	8 468	9 749	7 509	9 415			10 093	10 953	11 600
Total current liabilities		32 562	33 869	35 777	34 958	38 225	–	–	40 643	41 741	45 570
Non current liabilities											
Borrowing		37 248	35 834	34 336	52 917	32 294	–	–	37 816	36 369	34 537
Provisions		28 837	25 869	26 387	55 060	28 139	–	–	29 506	31 106	32 706
Total non current liabilities		66 085	61 703	60 723	107 977	60 433	–	–	67 322	67 475	67 243
TOTAL LIABILITIES		98 647	95 573	96 500	142 935	98 658	–	–	107 965	109 216	112 814
NET ASSETS	5	151 209	160 864	192 190	170 369	212 331	–	–	212 003	212 413	214 315
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		147 194	156 740	188 214	166 244	208 354			208 203	208 763	211 115
Reserves	4	4 015	4 124	3 977	4 125	3 977	–	–	3 800	3 650	3 200
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	151 209	160 864	192 190	170 369	212 331	–	–	212 003	212 413	214 315

References

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of general recognized accounting practices (GRAP), and assists councilors and management to understand the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international standard which presents Assets less Liabilities as the accounted Community Wealth. The order of items within each group, illustrates its liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be transformed in cash.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		67 861	89 360	100 812	115 908	124 624			127 925	137 750 530.30	147 960 412.46
Government - operating	1	21 928	25 136	26 797	52 908	56 573			49 964	39 946	42 782
Government - capital	1	5 655	10 713	39 497	38 442	28 242			11 016	10 348	10 622
Interest		3 476	2 045	1 683	1 935	1 660			1 750	1 853	1 955
Dividends											
Payments											
Suppliers and employees		(98 068)	(108 811)	(116 460)	(167 991)	(169 245)			(173 185)	(170 155 194)	(184 585 342)
Finance charges		(5 677)	(6 005)	(5 181)	(7 386)	(6 742)			(6 136)	(6 498)	(6 855)
Transfers and Grants	1	(1 250)	(1 250)	(1 247)	(1 390)	(1 412)			(1 690)	(1 790)	(1 888)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(6 075)	11 189	45 901	32 426	33 700	-	-	9 644	11 455	9 991
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		184									
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		64	182	56		72			72	-	-
Decrease (increase) in non-current investments											
Payments											
Capital assets		(37 241)	(20 181)	(45 452)	(58 442)	(29 630)			(18 762)	(13 113)	(13 464)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 994)	(19 999)	(45 396)	(58 442)	(29 558)	-	-	(18 690)	(13 113)	(13 464)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		22 781		536	20 000				7 746	855	775
Increase (decrease) in consumer deposits		69	87	50	83	60			60	33	60
Payments											
Repayment of borrowing		(1 671)	(1 596)	(1 743)	(1 995)	(2 000)			(2 115)	(1 846)	(2 565)
NET CASH FROM/(USED) FINANCING ACTIVITIES		21 179	(1 508)	(1 156)	18 088	(1 940)	-	-	5 691	(958)	(1 730)
NET INCREASE/ (DECREASE) IN CASH HELD		(21 890)	(10 318)	(650)	(7 928)	2 202	-	-	(3 354)	(2 617)	(5 203)
Cash/cash equivalents at the year begin:	2	37 879	15 988	5 670	4 202	5 020			7 222	3 867	1 251
Cash/cash equivalents at the year end:	2	15 988	5 670	5 020	(3 726)	7 222	-		3 867	1 251	(3 952)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The net effect of budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditure.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	15 988	5 670	5 020	(3 726)	7 222	–	–	3 867	1 251	(3 952)
Other current investments > 90 days		(0)	0	(0)			–	–			0
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		15 988	5 670	5 020	(3 726)	7 222	–	–	3 867	1 251	(3 952)
Application of cash and investments											
Unspent conditional transfers		11 352	6 863	4 071	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(2 017)	(1 028)	6 791	4 421	17 032	–	–	16 662	15 473	11 132
Other provisions	4	3 895	8 468	9 749	7 509	9 415	–	–	10 093	10 953	11 600
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	4 015	4 124	3 977	4 125	3 977	–	–	3 800	3 650	3 200
Total Application of cash and investments:		17 245	18 428	24 588	16 055	30 424	–	–	30 555	30 076	25 932
Surplus(shortfall)		(1 256)	(12 757)	(19 568)	(19 781)	(23 202)	–	–	(26 688)	(28 826)	(29 884)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	-	58 442	29 630	-	17 112	10 703	11 089
Infrastructure - Road transport		-	-	-	-	2 734	-	2 078	130	-
Infrastructure - Electricity		-	-	-	700	820	-	1 000	150	150
Infrastructure - Water		-	-	-	29 100	6 654	-	6 923	3 625	50
Infrastructure - Sanitation		-	-	-	26 742	17 789	-	4 359	6 348	10 172
Infrastructure - Other		-	-	-	-	-	-	75	-	-
Infrastructure		-	-	-	56 542	27 997	-	14 435	10 253	10 372
Community		-	-	-	-	529	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	1 900	1 104	-	2 677	450	717
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	1 650	2 410	2 375
Infrastructure - Road transport		-	-	-	-	-	-	500	500	575
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	500	500	575
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	1 150	1 910	1 800
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	2 734	-	2 578	630	575
Infrastructure - Electricity		-	-	-	700	820	-	1 000	150	150
Infrastructure - Water		-	-	-	29 100	6 654	-	6 923	3 625	50
Infrastructure - Sanitation		-	-	-	26 742	17 789	-	4 359	6 348	10 172
Infrastructure - Other		-	-	-	-	-	-	75	-	-
Infrastructure		-	-	-	56 542	27 997	-	14 935	10 753	10 947
Community		-	-	-	-	529	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	1 900	1 104	-	3 827	2 360	2 517
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	58 442	29 630	-	18 762	13 113	13 464
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	18 970	39 380	38 103	63 310	60 671	-	63 249	61 731	60 127
Infrastructure - Electricity		11 303	16 312	15 696	27 581	27 727	-	28 727	27 906	27 074
Infrastructure - Water		17 202	21 325	22 243	28 624	21 037	-	27 960	30 519	29 496
Infrastructure - Sanitation		57 075	37 496	76 462	71 918	61 846	-	60 650	64 553	71 912
Infrastructure - Other		6 078	11 134	10 912	13 680	10 727	-	9 844	9 481	9 116
Infrastructure		110 628	125 646	163 416	205 113	182 009	-	190 430	194 191	197 726
Community		13 368	14 052	14 001	9 414	14 859	-	14 364	13 865	13 363
Heritage assets		-	-	-	-	3 453	-	3 334	3 214	3 093
Investment properties		21 202	25 334	25 314	17 509	25 314	-	25 314	25 314	25 314
Other assets		49 666	47 656	48 402	64 785	49 125	-	51 138	51 637	52 196
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		106	81	55	81	55	-	55	55	60
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	194 969	212 770	251 188	296 902	274 816	-	284 635	288 276	291 752
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	5 712	6 242	6 979	6 002	6 002	-	8 944	9 472	9 993
<u>Repairs and Maintenance by Asset Class</u>		15 631	18 809	10 513	12 586	13 332	-	13 908	14 703	15 511
Infrastructure - Road transport		5 330	2 291	1 767	1 930	2 560	-	2 137	2 237	2 360
Infrastructure - Electricity		1 516	1 146	818	1 447	907	-	2 957	3 131	3 304
Infrastructure - Water		1 350	1 507	1 955	1 965	1 650	-	1 896	2 008	2 118
Infrastructure - Sanitation		514	533	535	544	572	-	621	658	694
Infrastructure - Other		42	192	41	183	423	-	93	98	104
Infrastructure		8 752	5 669	5 116	6 069	6 112	-	7 704	8 133	8 580
Community		1 000	1 093	1 177	1 505	2 449	-	1 790	1 896	2 000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	5 878	12 047	4 219	5 013	4 771	-	4 414	3 574	4 934
TOTAL EXPENDITURE OTHER ITEMS		21 343	25 051	17 492	18 588	19 333	-	22 852	24 174	25 504
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.8%	18.4%	17.6%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.4%	25.4%	23.8%
R&M as a % of PPE		9.0%	10.0%	4.7%	4.5%	5.3%	0.0%	5.4%	5.6%	5.8%
Renewal and R&M as a % of PPE		8.0%	9.0%	4.0%	4.0%	5.0%	0.0%	5.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 10% of PPE. The Municipality do not meet both the recommendations.
3. The graph below provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the Municipality's capital budget is excessive and will not address the maintenance backlog.

Table A10 - Basic Service Delivery Measurement

[illegible]

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

Section 5 - Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the finance portfolio committee members.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

5.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the required timetable on end of August 2013

5.1 Financial Modeling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2014/145 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 has been taken into consideration in the planning and prioritisation process.

Section 6 - Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the strategic objectives.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Good Governance	Stable workforce	A		42	3	–	–	66	–	–	–	–
Basic service delivery	Provision of Basic Services	B		16 721	9 802	10 270	12 338	12 804	–	13 811	14 771	15 794
Correcting spatial imbalances	Provision of Basic Services	C		783	775	802	943	768	–	831	880	928
Democratising of planning and decision-making	Provision of Basic Services	D		22 853	35 282	40 588	45 342	48 460	–	51 113	53 811	56 525
Effective, responsive, people-centered and integrated institution	Provision of Basic Services	E		342	1 792	1 785	3 706	4 482	–	3 911	3 827	4 057
Ensuring access to basic services by all	Provision of Basic Services	F		92 781	80 819	110 793	139 581	138 593	–	121 157	116 447	125 700
Financial Viability	Revenue enhancement	G		7 032	4 128	5 347	5 761	5 861	–	4 493	4 791	5 108
Local Economic Development	Tourism	H		638	481	651	472	472	–	551	584	616
To support the residents of the Swellendam with the necessary sporting and recreational facilities as well as to protect and preserve the natural environment in harmony with future town development	Provision of Basic Services	I		3	3	3	1	1	–	2	3	3
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)				141 195	133 084	170 239	208 143	211 507	–	195 871	195 112	208 732

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
				R thousand									
Good Governance	Stable workforce	A		1 886	3 520	5 577	4 327	5 045	–	5 834	6 196	6 571	
Basic service delivery	Provision of Basic Services	B		4 234	3 260	4 797	4 245	3 459	–	5 599	5 949	6 315	
Correcting spatial imbalances	Provision of Basic Services	C		1 477	1 335	1 670	1 804	1 948	–	2 524	2 673	2 820	
Democratising of planning and decision-making	Provision of Basic Services	D		8 008	12 002	11 491	15 252	16 172	–	14 614	15 418	16 216	
Effective, responsive, people-centered and integrated institution	Provision of Basic Services	E		5 532	5 791	8 300	9 374	9 763	–	11 190	11 891	12 625	
Ensuring access to basic services by all	Provision of Basic Services	F		74 329	79 922	86 567	120 542	130 027	–	133 538	128 214	136 424	
Financial Viability	Revenue enhancement	G		19 972	23 242	18 542	20 618	22 289	–	20 110	21 403	22 733	
Local Economic Development	Tourism	H		1 873	1 706	1 763	2 086	2 272	–	2 590	2 746	2 904	
To support the residents of the Swellendam with the necessary sporting and recreational facilities as well as to protect and preserve the natural environment in harmony with future town	Provision of Basic Services	I		159	194	207	218	393	–	200	212	223	
Allocations to other priorities													
Total Expenditure				1	117 470	130 980	138 913	178 466	191 367	–	196 199	194 703	206 830

Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Good Governance	Stable workforce	A			3		–	50	50	–	–	–	
Basic service delivery	Provision of Basic Services	B		84		322	41 242	17 789	17 789	4 359	6 348	10 172	
Correcting spatial imbalances	Provision of Basic Services	C					–	145	145	291	–	–	
Democratising of planning and decision-making	Provision of Basic Services	D					–	–	–	50	–	–	
Effective, responsive, people-centered and integrated institution	Provision of Basic Services	E					–	617	617	781	–	267	
Ensuring access to basic services by all	Provision of Basic Services	F		33 579	19 605	40 891	17 200	10 470	10 470	12 351	6 315	2 575	
Financial Viability	Revenue enhancement	G		367	524	368	–	528	528	529	450	450	
Local Economic Development	Tourism	H					–	3	3	400	–	–	
To support the residents of the Swellendam with the necessary sporting and recreational facilities as well as to protect and preserve the natural environment in harmony with future town	Provision of Basic Services	I		2 983	42	3 800	–	27	27	–	–	–	
Allocations to other priorities				3									
Total Capital Expenditure				1	37 013	20 174	45 381	58 442	29 630	29 630	18 762	13 113	13 464

Section 7 - Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

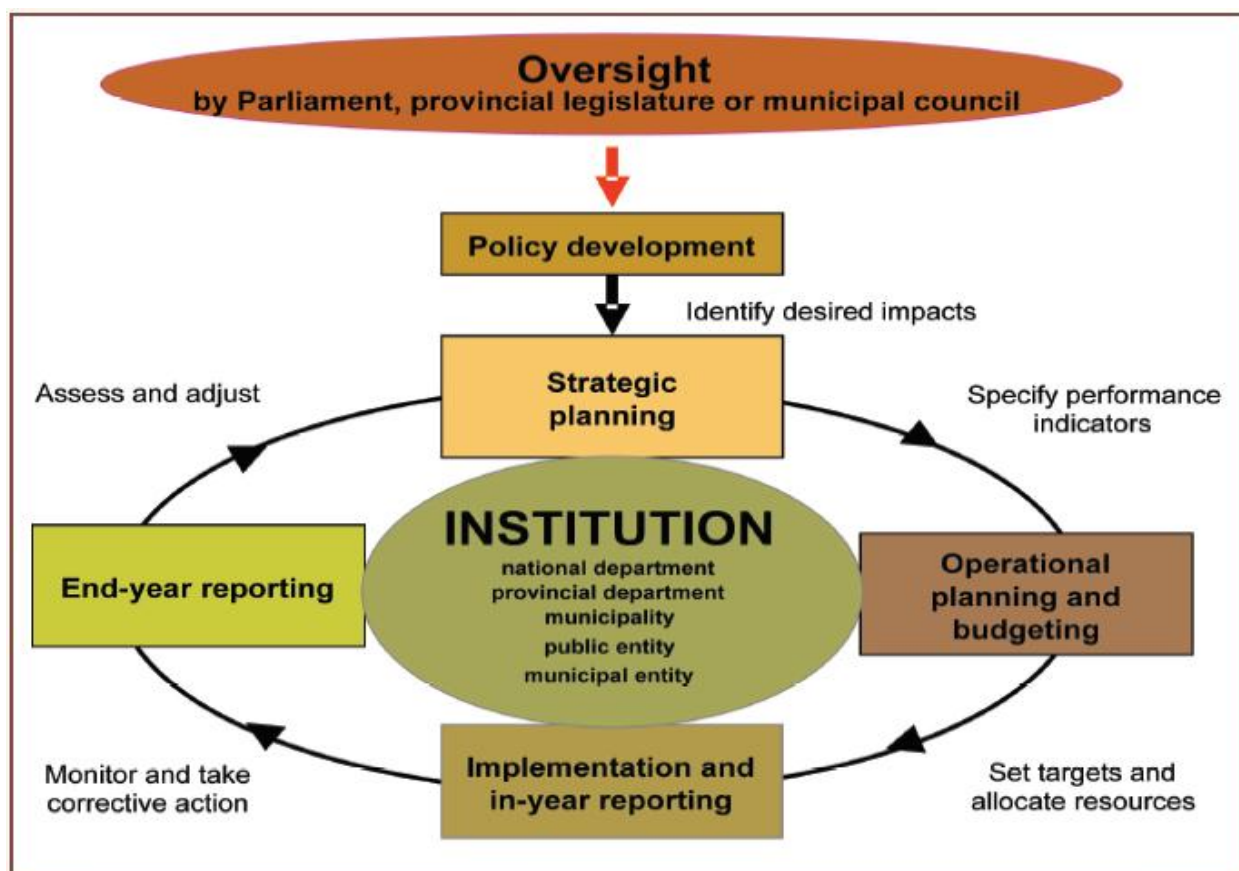


Figure 3 -Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

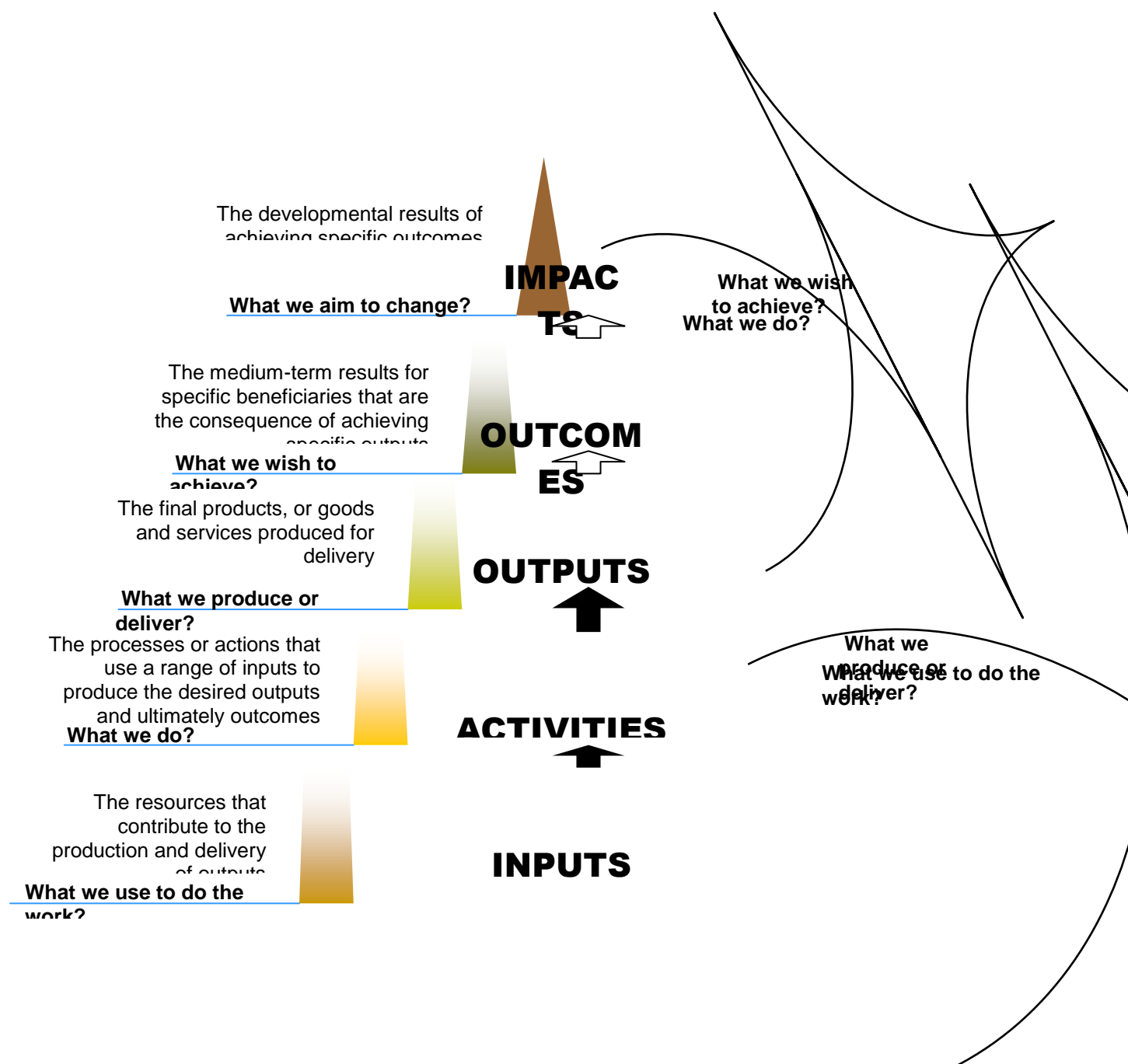


Figure 4-Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/2015 MTREF.

Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.3%	5.8%	5.0%	5.3%	4.6%	3.5%	0.0%	4.2%	4.3%	4.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.6%	8.1%	6.9%	8.0%	6.9%	5.3%	0.0%	6.1%	5.8%	6.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	986.2%	0.0%	27.0%	94.8%	0.0%	0.0%	0.0%	100.0%	30.9%	27.3%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	927.8%	868.8%	863.4%	1282.8%	812.0%	0.0%	0.0%	995.2%	996.4%	1079.3%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.6	1.2	0.9	0.5	0.8	–	–	0.8	0.7	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	1.6	1.2	0.9	0.5	0.8	–	–	0.8	0.7	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.2	0.1	–	0.2	–	–	0.1	–	–
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		82.1%	96.5%	100.7%	98.6%	98.7%	0.0%	0.0%	95.2%	95.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		82.0%	96.3%	100.6%	98.6%	98.7%	0.0%	0.0%	95.2%	95.4%	95.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19.3%	15.0%	9.5%	9.6%	4.7%	0.0%	0.0%	6.0%	7.2%	7.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		92.7%	277.4%	374.6%	-551.3%	353.9%	0.0%	0.0%	701.4%	2249.0%	-657.9%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.8%	36.6%	38.7%	32.9%	31.5%	31.5%	0.0%	36.5%	38.8%	38.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	14.7%	16.2%	8.3%	7.4%	7.3%	0.0%		7.5%	8.0%	7.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.7%	10.5%	9.6%	7.8%	7.0%	7.0%	0.0%	8.2%	8.6%	8.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.4	27.3	25.6	32.2	32.2	32.2	–	36.5	32.0	34.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.0%	19.7%	12.8%	14.4%	7.1%	0.0%	0.0%	8.6%	9.7%	10.7%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	2.1	0.7	0.6	(0.3)	0.6	–	–	0.3	0.1	(0.3)

7.1 Performance indicators and benchmarks

7.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The borrowing strategy must be primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has been stable. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator indicates that the capital programme from new borrowings is realistic.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets but more so unrealistic capital programmes from new borrowings.

7.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. The ratio will peaked at 1079%. As part of the planning guidelines it implicates that the Municipality must ensure proper cash-backing of reserves and funds as a prudent financial sustainability objective and limited new borrowings.

7.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities. The ratio dropped from 2012/2013 forecast of 0.9 to 0.8 in 2014/2015.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The ratio of 0.1 in the 2013/2014 forecast, remains in 2014/2015 to 0.1. This needs to be considered a risk for the municipality as any under collection of revenue will translate into even more serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

7.1.4 Revenue Management

In order to reach the targets and maintains the level of outstanding debtors to revenue, an aggressive revenue management framework must implemented, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of this strategy should be to ensure accurate billing, customer service, credit control and debt collection.

7.1.5 Creditors Management

For the Municipality to ensure that creditors are settled within the legislated 30 days from date invoice/statement poses to be a challenge. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 % compliance rate to this legislative obligation.

7.1.6 Other Indicators

Both water and *electricity distribution losses* are material. Initiatives to ensure that targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.

Employee costs as a percentage of operating revenue has increased from the forecasted 31.5% to 38.4% for the remainder of MTREF.

Section 8 - Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following policies are to be reviewed.

8.1 Review of credit control, debt collection and indigent procedures/policies

8.2 Asset Management, Infrastructure Investment and Funding Policy

8.3 Supply Chain Management Policy

8.4 Budget and Virement Policy

8.5 Cash Management and Investment Policy

8.6 Tariff and Rates Policies

Section 9 - Overview of budget assumptions

9.1 External factors

Swellendam's income base comprises mostly residential consumers and rate payers of which a material percentage are retired people with a fixed monthly income.

Escom price increases are an external factor that Council has no control over.

9.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
 - The general inflationary outlook and the impact on Municipality's residents and businesses;
 - The impact of municipal cost drivers;
 - The increase in prices for bulk electricity; and
 - The increase in the cost of remuneration.
- Employee related costs comprise 36.5% of total operating expenditure in the forecast for the 2014/15 financial year and therefore this increase (which includes salary increases of above inflation) places a disproportionate upward pressure on the expenditure budget.

9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing under certain conditions. The 2014/15 MTREF is based on the assumption that all borrowings cost will be based on fixed interest rates for amortisation loans requiring both regular principal and interest payments at an interest rate of 11%.

9.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as 95% of annual amounts billed.

9.5 Salary increases

A salary increase of 6.9% across the board.

Section 10 - Overview of budget funding

10.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Breakdown of the operating revenue over the medium-term

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

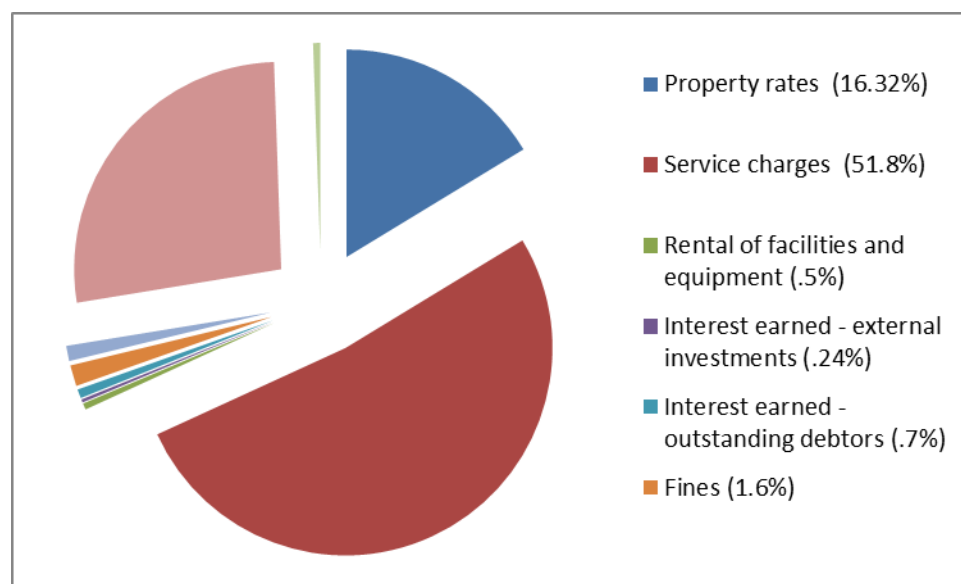


Figure 5 - Breakdown of operating revenue over the 2013/14MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Correct and accurate tariffs are imperative in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the delivery of goods and services such as water, electricity, sanitation and solid waste removal. Apart from the services, other revenue i.e., operating grants, building plan fees, licenses and permits, fines etc. are applicable. The rates and taxes will then be the shortfall in revenue, after all the revenue resources have been determined, and will reflect the balancing number.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

- Property rates - 9.9 %
- Electricity - 7 %
- Water - 9.9 %
- Refuse Removal - 9.9 %

- Sewerage - 9.9 %

The tables below provide detail investment information and investment particulars by maturity.

Table SA15 – Detail Investment Information

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	-	-	-

Table SA16 – Investment particulars by maturity

Not Applicable

For the medium-term it is clear that no funding from internally generated funds is available.

10.2 Medium-term outlook: capital revenue

The funding composition of the 2014/15 is graphically represented as follows:

Figure 6 - Sources of capital revenue for the 2014/15 financial year

Capital grants and receipts equates to 58.71% of the total funding source which represents R11.016 million for the 2014/15 financial year.

Borrowing is a significant funding source for the capital programme over the medium-term with an estimated R7.746 million to be raised for 2014/2015.

Section 11 - Councilor and employee benefits

Table SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2 474	2 788	2 767	3 000	3 373		3 526	3 734	3 939
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		2 474	2 788	2 767	3 000	3 373	–	3 526	3 734	3 939
% increase	4		12.7%	(0.8%)	8.4%	12.4%	(100.0%)	–	5.9%	5.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 062	2 249	2 239	4 564	4 564		5 037	5 340	5 660
Pension and UIF Contributions		560	312	420						
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	273	565	428						
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2 895	3 127	3 086	4 564	4 564	–	5 037	5 340	5 660
% increase	4		8.0%	(1.3%)	47.9%	–	(100.0%)	–	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		24 380	27 216	31 604	32 417	31 918		37 955	40 395	42 986
Pension and UIF Contributions		5 225	6 365	7 402	6 438	5 788		6 953	7 395	7 862
Medical Aid Contributions					3 002	3 789		4 531	4 814	5 114
Overtime		2 596	2 296	2 395	1 895	2 482		1 875	1 994	2 120
Performance Bonus								–	–	–
Motor Vehicle Allowance	3	2 443	2 444	3 212	2 553	2 391		2 607	2 772	2 947
Cellphone Allowance	3							–	–	–
Housing Allowances	3	213	224	233	251	321		450	478	509
Other benefits and allowances	3				5 117	5 065		5 784	6 151	6 538
Payments in lieu of leave		301	578	941		942		1 000	1 000	1 000
Long service awards		103	269	201		458		206	219	231
Post-retirement benefit obligations	6							1 000	1 059	1 117
Sub Total - Other Municipal Staff		35 262	39 393	45 987	51 673	53 154	–	62 361	66 278	70 424
% increase	4		11.7%	16.7%	12.4%	2.9%	(100.0%)	–	6.3%	6.3%
Total Parent Municipality		40 631	45 308	51 840	59 237	61 091	–	70 924	75 351	80 024
			11.5%	14.4%	14.3%	3.1%	(100.0%)	–	6.2%	6.2%
TOTAL SALARY, ALLOWANCES & BENEFITS		40 631	45 308	51 840	59 237	61 091	–	70 924	75 351	80 024
% increase	4		11.5%	14.4%	14.3%	3.1%	(100.0%)	–	6.2%	6.2%
TOTAL MANAGERS AND STAFF	5,7	38 157	42 520	49 073	56 237	57 718	–	67 398	71 617	76 084

References

Section 12 - Monthly targets for revenue, expenditure and cash flow

Table SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue By Source																
Property rates		2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 525	30 162	31 942	33 699
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		5 282	5 282	5 282	5 282	5 282	5 282	5 282	5 282	5 282	5 282	5 282	5 308	63 413	68 471	73 929
Service charges - water revenue		915	915	915	915	915	915	915	915	915	915	915	919	10 984	11 949	12 997
Service charges - sanitation revenue		1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 156	13 812	14 771	15 794
Service charges - refuse revenue		635	635	635	635	635	635	635	635	635	635	635	638	7 621	8 231	8 889
Service charges - other		1	1	1	1	1	1	1	1	1	1	1	1	10	11	11
Rental of facilities and equipment		76	76	76	76	76	76	76	76	76	76	76	76	912	965	1 018
Interest earned - external investments		37	37	37	37	37	37	37	37	37	37	37	38	450	477	503
Interest earned - outstanding debtors		108	108	108	108	108	108	108	108	108	108	108	109	1 300	1 377	1 452
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		251	251	251	251	251	251	251	251	251	251	251	253	3 019	3 228	3 450
Licences and permits		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Agency services		182	182	182	182	182	182	182	182	182	182	182	183	2 185	2 314	2 441
Transfers recognised - operational		—	—	12 486	—	—	12 486	—	—	12 486	—	—	12 506	49 964	39 946	42 782
Other revenue		85	85	85	85	85	85	85	85	85	85	85	86	1 024	1 084	1 144
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		11 236	11 236	23 722	11 236	11 236	23 722	11 236	11 236	23 722	11 236	11 236	23 796	184 855	184 765	198 111
Expenditure By Type																
Employee related costs		5 614	5 614	5 614	5 614	5 614	5 614	5 614	5 614	5 614	5 614	5 614	5 641	67 398	71 617	76 084
Remuneration of councillors		294	294	294	294	294	294	294	294	294	294	294	295	3 526	3 734	3 939
Debt impairment		230	230	230	230	230	230	230	230	230	230	230	231	2 765	2 928	3 089
Depreciation & asset impairment		745	745	745	745	745	745	745	745	745	745	745	749	8 944	9 472	9 993
Finance charges		511	511	511	511	511	511	511	511	511	511	511	514	6 136	6 498	6 855
Bulk purchases		3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 503	41 848	44 317	46 754
Other materials		127	127	127	127	127	127	127	127	127	127	127	127	1 519	1 583	1 670
Contracted services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants		141	141	141	141	141	141	141	141	141	141	141	141	1 690	1 790	1 888
Other expenditure		5 196	5 196	5 196	5 196	5 196	5 196	5 196	5 196	5 196	5 196	5 196	5 221	62 374	52 765	56 558
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		16 343	16 343	16 343	16 343	16 343	16 343	16 343	16 343	16 343	16 343	16 343	16 422	196 199	194 703	206 831
Surplus/(Deficit)		(5 107)	(5 107)	7 379	(5 107)	(5 107)	7 379	(5 107)	(5 107)	7 379	(5 107)	(5 107)	7 375	(11 344)	(9 939)	(8 720)
Transfers recognised - capital		—	—	2 753	—	—	2 753	—	—	2 753	—	—	2 757	11 016	10 348	10 622
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		(5 107)	(5 107)	10 132	(5 107)	(5 107)	10 132	(5 107)	(5 107)	10 132	(5 107)	(5 107)	10 132	(328)	409	1 902
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	(5 107)	(5 107)	10 132	(5 107)	(5 107)	10 132	(5 107)	(5 107)	10 132	(5 107)	(5 107)	10 132	(328)	409	1 902

Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue by Vote																
Vote 1 - Municipal Manager		9	9	9	9	9	9	9	9	9	9	9	10	114	121	127
Vote 2 - Corporate Services		1 711	1 711	9 556	1 711	1 711	9 556	1 711	1 711	9 556	1 706	1 711	9 556	51 905	54 649	57 410
Vote 3 - Finance Service		247	247	633	247	247	633	247	247	633	247	247	615	4 493	4 791	5 108
Vote 4 - Engineers Service		6 828	6 828	11 593	6 828	6 828	11 593	6 828	6 828	11 593	6 828	6 828	11 593	100 999	107 016	114 874
Vote 5 - Community Services		1 695	1 695	6 194	1 695	1 695	6 207	1 695	1 695	6 194	1 695	1 695	6 203	38 360	28 536	31 213
0													-	-	-	-
Total Revenue by Vote		10 491	10 491	27 986	10 491	10 491	27 999	10 491	10 491	27 986	10 486	10 491	27 977	195 871	195 112	208 732
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Manager		612	612	612	612	612	612	612	612	612	612	612	612	7 345	7 796	8 259
Vote 2 - Corporate Services		2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 065	24 771	26 202	27 648
Vote 3 - Finance Service		1 676	1 676	1 676	1 676	1 676	1 676	1 676	1 676	1 676	1 676	1 676	1 677	20 110	21 403	22 733
Vote 4 - Engineers Service		7 803	7 803	7 803	7 803	7 803	7 803	7 803	7 803	7 803	7 803	7 803	7 807	93 639	97 866	103 457
Vote 5 - Community Services		4 194	4 194	4 194	4 194	4 194	4 194	4 194	4 194	4 194	4 194	4 194	4 196	50 333	41 435	44 733
Total Expenditure by Vote		16 349	16 349	16 349	16 349	16 349	16 349	16 349	16 349	16 349	16 349	16 349	16 357	196 199	194 703	206 830
Surplus/(Deficit) before assoc.		(5 858)	(5 858)	11 637	(5 858)	(5 858)	11 650	(5 858)	(5 858)	11 637	(5 863)	(5 858)	11 620	(328)	409	1 902
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(5 858)	(5 858)	11 637	(5 858)	(5 858)	11 650	(5 858)	(5 858)	11 637	(5 863)	(5 858)	11 620	(328)	409	1 902

Table SA27 -Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue - Standard																
Governance and administration		4 678	4 678	4 678	4 678	4 678	4 678	4 678	4 678	4 678	4 678	4 678	4 700	56 157	59 184	62 248
Executive and council		4 258	4 258	4 258	4 258	4 258	4 258	4 258	4 258	4 258	4 258	4 258	4 278	51 113	53 811	56 525
Budget and treasury office		374	374	374	374	374	374	374	374	374	374	374	376	4 493	4 791	5 108
Corporate services		46	46	46	46	46	46	46	46	46	46	46	46	550	582	614
Community and public safety		2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 155	25 742	14 984	16 664
Community and social services		2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 144	2 154	25 740	14 981	16 662
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	2	3	3
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 515	18 096	17 474	18 158
Planning and development		14	14	14	14	14	14	14	14	14	14	14	14	167	177	187
Road transport		1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 501	17 929	17 297	17 972
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		7 986	7 986	7 986	7 986	7 986	7 986	7 986	7 986	7 986	7 986	7 986	8 025	95 876	103 471	111 662
Electricity		5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 311	63 448	68 508	73 968
Water		916	916	916	916	916	916	916	916	916	916	916	920	10 996	11 962	13 010
Waste water management		1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 156	13 811	14 771	15 794
Waste management		635	635	635	635	635	635	635	635	635	635	635	638	7 621	8 231	8 889
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		16 316	16 316	16 316	16 316	16 316	16 316	16 316	16 316	16 316	16 316	16 316	16 394	195 871	195 112	208 732
Expenditure - Standard																
Governance and administration		4 020	4 020	4 020	4 020	4 020	4 020	4 020	4 020	4 020	4 020	4 020	4 039	48 254	51 195	54 202
Executive and council		1 703	1 703	1 703	1 703	1 703	1 703	1 703	1 703	1 703	1 703	1 703	1 712	20 449	21 614	22 787
Budget and treasury office		1 675	1 675	1 675	1 675	1 675	1 675	1 675	1 675	1 675	1 675	1 675	1 683	20 110	21 403	22 733
Corporate services		641	641	641	641	641	641	641	641	641	641	641	644	7 696	8 178	8 683
Community and public safety		3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 277	39 156	29 561	32 135
Community and social services		3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 111	3 126	37 348	27 646	30 115
Sport and recreation		17	17	17	17	17	17	17	17	17	17	17	17	200	212	223
Public safety		134	134	134	134	134	134	134	134	134	134	134	135	1 608	1 703	1 797
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2 340	2 340	2 340	2 340	2 340	2 340	2 340	2 340	2 340	2 340	2 340	2 351	28 086	28 403	30 095
Planning and development		206	206	206	206	206	206	206	206	206	206	206	207	2 469	2 615	2 759
Road transport		2 134	2 134	2 134	2 134	2 134	2 134	2 134	2 134	2 134	2 134	2 134	2 144	25 616	25 788	27 337
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		6 609	6 609	6 609	6 609	6 609	6 609	6 609	6 609	6 609	6 609	6 609	6 640	79 337	84 096	88 871
Electricity		4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 612	55 106	58 379	61 632
Water		930	930	930	930	930	930	930	930	930	930	930	934	11 164	11 850	12 553
Waste water management		603	603	603	603	603	603	603	603	603	603	603	606	7 237	7 684	8 145
Waste management		486	486	486	486	486	486	486	486	486	486	486	488	5 829	6 183	6 541
Other		114	-	-	-	-	-	-	-	-	-	-	1 253	1 367	1 448	1 527
Total Expenditure - Standard		16 343	16 229	16 229	16 229	16 229	16 229	16 229	16 229	16 229	16 229	16 229	17 561	196 199	194 703	206 830
Surplus/(Deficit) before assoc.		(27)	87	87	87	87	87	87	87	87	87	87	(1 166)	(328)	409	1 902
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(27)	87	87	87	87	87	87	87	87	87	87	(1 166)	(328)	409	1 902

Table SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Manager				–			–			–			–	–	–	–
Vote 2 - Corporate Services				–			–			–			–	–	–	–
Vote 3 - Finance Service				132			132			132			132	529	450	450
Vote 4 - Engineers Service				228			228			228			228	910	10 548	4 689
Vote 5 - Community Services				–			–			–			–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	360	–	–	360	–	–	360	–	–	360	1 439	10 998	5 139
Single-year expenditure to be appropriated																
Vote 1 - Municipal Manager				–			–			–			–	–	–	–
Vote 2 - Corporate Services				92			92			92			92	368	–	–
Vote 3 - Finance Service				–			–			–			–	–	–	–
Vote 4 - Engineers Service				3 653			3 653			3 653			3 653	14 612	2 115	7 625
Vote 5 - Community Services				586			586			586			586	2 343	–	700
Capital single-year expenditure sub-total	2	–	–	4 331	–	–	4 331	–	–	4 331	–	–	4 331	17 322	2 115	8 325
Total Capital Expenditure	2	–	–	4 690	–	–	4 690	–	–	4 690	–	–	4 690	18 762	13 113	13 464

Table SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1															
Governance and administration		-	-	251	-	-	251	-	-	251	-	-	251	1 006	450	717
Executive and council				13			13			13			13	50	-	-
Budget and treasury office				132			132			132			132	529	450	450
Corporate services				107			107			107			107	427	-	267
Community and public safety		-	-	586	-	-	586	-	-	586	-	-	586	2 343	-	700
Community and social services				397			397			397			397	1 588	-	700
Sport and recreation				-			-			-			-	-	-	-
Public safety				-			-			-			-	-	-	-
Other Community				189			189			189			189	755	-	-
Health													-	-	-	-
Economic and environmental services		-	-	783	-	-	783	-	-	783	-	-	783	3 132	-	-
Planning and development				73			73			73			73	291	-	-
Road transport				710			710			710			710	2 840	2 540	1 675
Environmental protection				-			-			-			-	-	-	-
Trading Services		-	-	3 070	-	-	3 070	-	-	3 070	-	-	3 070	12 282	10 123	10 372
Electricity				250			250			250			250	1 000	150	150
Water				1 731			1 731			1 731			1 731	6 923	3 625	50
Waste water management				1 090			1 090			1 090			1 090	4 359	6 348	10 172
Waste management				-			-			-			-	-	-	-
Other														-	-	-
Total Capital Expenditure - Standard	2	-	-	4 690	-	-	4 690	-	-	4 690	-	-	4 690	18 762	13 113	13 464
Funded by:																
National Government				2 605			2 605			2 605			2 605	10 418	10 348	10 622
Provincial Government				149			149			149			149	598	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	2 754	-	-	2 754	-	-	2 754	-	-	2 754	11 016	10 348	10 622
Public contributions & donations													-	-	-	-
Borrowing							7 746						-	7 746	855	775
Internally generated funds													-	-	1 910	2 067
Total Capital Funding		-	-	2 754	-	-	10 500	-	-	2 754	-	-	2 754	18 762	13 113	13 464

Section 13 - Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Section 14 - Capital expenditure details

The following tables present details of the Municipality's capital expenditure program.

Table SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	56 542	27 997	-	14 435	10 253	10 372
Infrastructure - Road transport		-	-	-	-	2 734	-	2 078	130	-
Roads, Pavements & Bridges					-	2 734		2 078	130	-
Storm water					-	-		-	-	-
Infrastructure - Electricity		-	-	-	700	820	-	1 000	150	150
Generation					-	-		-	-	-
Transmission & Reticulation					700	820		1 000	150	150
Street Lighting					-	-		-	-	-
Infrastructure - Water		-	-	-	29 100	6 654	-	6 923	3 625	50
Dams & Reservoirs					18 500	6 609		6 923	3 625	50
Water purification					-	45		-	-	-
Reticulation					10 600	-		-	-	-
Infrastructure - Sanitation		-	-	-	26 742	17 789	-	4 359	6 348	10 172
Reticulation					9 000	27		-	-	-
Sewerage purification					17 742	17 762		4 359	6 348	10 172
Infrastructure - Other		-	-	-	-	-	-	75	-	-
Waste Management					-	-		-	-	-
Transportation	2				-	-		-	-	-
Gas					-	-		-	-	-
Other	3				-	-		75	-	-
Community		-	-	-	-	529	-	-	-	-
Parks & gardens					-	-		-	-	-
Sportsfields & stadia					-	27		-	-	-
Swimming pools					-	-		-	-	-
Community halls					-	-		-	-	-
Libraries					-	502		-	-	-
Recreational facilities					-	-		-	-	-
Fire, safety & emergency					-	-		-	-	-
Security and policing					-	-		-	-	-
Buses	7				-	-		-	-	-
Clinics					-	-		-	-	-
Museums & Art Galleries					-	-		-	-	-
Cemeteries					-	-		-	-	-
Social rental housing	8				-	-		-	-	-
Other					-	-		-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	1 900	1 104	-	2 677	450	717
General vehicles					1 500	-		-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment					400	192		785	-	-
Computers - hardware/equipment					-	680		829	450	450
Furniture and other office equipment					-	187		351	-	-
Abattoirs					-	-		-	-	-
Markets					-	-		-	-	-
Civic Land and Buildings					-	-		-	-	-
Other Buildings					-	45		712	-	267
Other Land					-	-		-	-	-
Surplus Assets - (Investment or Inventory)					-	-		-	-	-
Other					-	-		-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	-	-	-	58 442	29 630	-	17 112	10 703	11 089

Table SA34c - Repairs and maintenance expenditure by

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		8 752	5 669	5 116	6 069	6 112	–	7 704	8 133	8 580
Infrastructure - Road transport		5 330	2 291	1 767	1 930	2 560	–	2 137	2 237	2 360
Roads, Pavements & Bridges		5 330	2 291	1 767	1 930	2 560		2 137	2 237	2 360
Storm water		–								
Infrastructure - Electricity		1 516	1 146	818	1 447	907	–	2 957	3 131	3 304
Generation		–	–	–	–	–		–	–	–
Transmission & Reticulation		994	988	670	1 202	782		2 757	2 920	3 080
Street Lighting		522	158	147	245	125		200	212	223
Infrastructure - Water		1 350	1 507	1 955	1 965	1 650	–	1 896	2 008	2 118
Dams & Reservoirs		34	71	70	71	18		22	23	25
Water purification		907	1 051	1 449	1 541	1 279		1 521	1 610	1 699
Reticulation		410	385	436	353	353		353	374	395
Infrastructure - Sanitation		514	533	535	544	572	–	621	658	694
Reticulation		366	284	319	328	301		290	307	324
Sewerage purification		147	249	216	217	271		331	351	370
Infrastructure - Other		42	192	41	183	423	–	93	98	104
Waste Management		42	192	41	183	423		93	98	104
Transportation	2	–	–	–						
Gas		–	–	–						
Other	3									
Community		1 000	1 093	1 177	1 505	2 449	–	1 790	1 896	2 000
Parks & gardens		466	422	494	535	750		595	630	665
Sportsfields & stadia		1	–	–	1	1		1	1	1
Swimming pools		–	–	–	–	–		–	–	–
Community halls		160	169	117	117	142		146	155	163
Libraries		55	38	141	153	617		334	354	373
Recreational facilities		148	193	265	436	631		456	483	509
Fire, safety & emergency		58	169	94	172	172		127	135	142
Security and policing		–	–	–	–	–		–	–	–
Buses	7	–	–	–	–	–		–	–	–
Clinics		–	–	–	–	–		–	–	–
Museums & Art Galleries		–	–	–	–	–		–	–	–
Cemeteries		113	102	66	91	136		131	139	147
Social rental housing	8	–	–	–	–	–		–	–	–
Other		–	–	–	–	–		–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		5 878	12 047	4 219	5 013	4 771	–	4 414	4 674	4 931
General vehicles		3 546	742	861	1 758	1 127		1 156	1 224	1 292
Specialised vehicles		–	448	329	400	400	–	250	265	279
Plant & equipment		635	653	567	696	664		597	632	667
Computers - hardware/equipment		741	8 926	1 588	1 174	1 701		1 361	1 441	1 521
Furniture and other office equipment		62	69	41	102	91		122	130	137
Abattoirs		–	–	–	–	–		–	–	–
Markets		–	–	–	–	–		–	–	–
Civic Land and Buildings		370	691	320	475	296		164	173	183
Other Buildings		375	339	329	163	167		508	538	568
Other Land		150	179	183	246	326		256	271	286
Surplus Assets - (Investment or Inventory)		–	–	–	–	–		–	–	–
Other		–	–	–	–	–		–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
28 MARCH 2013										
Total Repairs and Maintenance Expenditure	1	15 631	18 809	10 513	12 586	13 332	–	13 908	14 703	15 511

Specialised vehicles		–	448	329	400	400	–	250	265	279
Refuse		–	448	329	400	400		250	265	279

Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	15 631	18 809	10 513	12 586	13 332	-	13 908	14 703	15 511
Specialised vehicles		-	448	329	400	400	-	250	265	279
Refuse		-	448	329	400	400	-	250	265	279
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		9.0%	10.0%	4.7%	4.5%	5.3%	0.0%	5.4%	5.6%	5.8%
R&M as % Operating Expenditure		13.3%	14.4%	7.6%	7.1%	7.0%	0.0%	7.1%	7.6%	7.5%

Section 15 - Other supporting documents

Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		25 434	28 293	31 294	44 492	44 492	44 492		33 316	35 282	37 222
less Revenue Foregone		6 033	9 760	16 157	19 021	17 000	17 000		3 154	3 340	3 523
Net Property Rates		19 400	18 534	15 137	25 472	27 492	27 492	-	30 162	31 942	33 699
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		34 117	46 951	48 330	54 579	59 593	59 593		63 413	68 471	73 929
less Revenue Foregone		3 383									
Net Service charges - electricity revenue		34 117	43 569	48 330	54 579	59 593	59 593	-	63 413	68 471	73 929
Service charges - water revenue	6										
Total Service charges - water revenue		7 023	9 266	9 551	10 778	10 860	10 860		10 984	11 949	12 997
less Revenue Foregone		870									
Net Service charges - water revenue		7 023	8 397	9 551	10 778	10 860	10 860	-	10 984	11 949	12 997
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		9 779	10 804	11 241	12 338	12 804	12 804		13 812	14 771	15 794
less Revenue Foregone		1 015									
Net Service charges - sanitation revenue		9 779	9 789	11 241	12 338	12 804	12 804	-	13 812	14 771	15 794
Service charges - refuse revenue	6										
Total refuse removal revenue		5 659	6 139	6 122	6 886	7 100	7 100		7 621	8 231	8 889
Total landfill revenue		-	-	-	-	-	-		-	-	-
less Revenue Foregone		619									
Net Service charges - refuse revenue		5 659	5 520	6 122	6 886	7 100	7 100	-	7 621	8 231	8 889
Other Revenue by source											
Building Plans		562	474	478	650	450	450		550	582	614
Actuarial Gains		-	88	-	-	-	-		-	-	-
Telephone Payroll		-	132	89	90	90	90		80	85	89
Transaction Costs		-	-	-	-	-	-		-	-	-
Rezoning		141	126	154	128	150	150		160	169	179
Hawkers Fees		50	43	17	25	15	15		12	13	13
Valuation Certificates		37	31	46	40	85	85		85	90	95
Recoverable Expenses		15	61	157	57	30	30		25	26	28
Cemeteries		16	26	16	11	27	27		20	21	22
Commission: Insurance		14	17	21	20	20	20		22	23	25
Pound		3	1	11	19	4	4		3	3	3
Other		210	264	1 857	100	92	92		67	71	75
Total 'Other' Revenue	3	1 049	1 264	2 847	1 140	963	963	-	1 024	1 084	1 144
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		24 818	27 601	31 629	36 805	36 480	36 480		42 992	45 735	48 646
Pension and UIF Contributions		3 776	4 366	5 048	6 614	5 788	5 788		6 953	7 395	7 862
Medical Aid Contributions		1 570	1 849	2 206	3 002	3 789	3 789		4 531	4 814	5 114
Overtime		2 596	2 296	2 395	1 895	2 482	2 482		1 875	1 994	2 120
Performance Bonus		-	-	-	-	-	-		-	-	-
Motor Vehicle Allowance		1 747	1 753	2 007	2 553	2 391	2 391		2 607	2 772	2 947
Cellphone Allowance		-	-	-	-	-	-		-	-	-
Housing Allowances		213	224	233	251	321	321		450	478	509
Other benefits and allowances		3 033	3 582	4 414	5 117	5 065	5 065		5 784	6 151	6 538
Payments in lieu of leave		301	578	941	-	942	942		1 000	1 000	1 000
Long service awards		103	269	201	-	458	458		206	219	231
Post-retirement benefit obligations		-	-	-	-	-	-		1 000	1 059	1 117
sub-total	4	38 157	42 520	49 073	56 237	57 717	57 717	-	67 398	71 617	76 084
Less: Employees costs capitalised to PPE	5	-	-	-	-	-	-		-	-	-
Total Employee related costs	1	38 157	42 520	49 073	56 237	57 717	57 717	-	67 398	71 617	76 084
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		5 588	6 204	6 894	6 002	6 002	6 002		8 574	9 080	9 579
Lease amortisation		36	32	37	-	-	-		370	392	413
Capital asset impairment		88	6	48	-	-	-		-	-	-
Depreciation resulting from revaluation of PPE	10	-	-	-	-	-	-		-	-	-
Total Depreciation & asset impairment	1	5 712	6 242	6 979	6 002	6 002	6 002	-	8 944	9 472	9 993
Bulk purchases											
Electricity Bulk Purchases		22 787	30 560	33 992	37 410	39 450	39 450		41 848	44 317	46 754
Water Bulk Purchases		-	-	-	-	-	-		-	-	-
Total bulk purchases	1	22 787	30 560	33 992	37 410	39 450	39 450	-	41 848	44 317	46 754
Transfers and grants											
Cash transfers and grants		1 250	1 250	1 247	1 390	1 412	1 412		1 690	1 790	1 888
Non-cash transfers and grants		-	-	-	-	-	-		-	-	-
Total transfers and grants	1	1 250	1 250	1 247	1 390	1 412	1 412	-	1 690	1 790	1 888
Contracted services											
List services provided by contract											
sub-total	1	-	-	-	-	-	-	-	-	-	-
Allocations to organs of state:											
Electricity		-	-	-	-	-	-		-	-	-
Water		-	-	-	-	-	-		-	-	-
28 MARCH 2013											
Total contracted services		-	-	-	-	-	-	-	-	-	-
Other Expenditure By Type											
Repairs and maintenance		14 663	17 719	9 060	11 041	12 059	12 059		12 389	13 120	13 841
Consultant fees		-	-	-	75	-	-		-	-	-
Audit fees		730	3 158	3 011	1 830	3 607	3 607		2 535	2 685	2 832
Actuarial Losses		1 120	316	449	-	-	-		-	-	-

Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Municipal Manager	Vote 2 - Corporate Services	Vote 3 - Finance Service	Vote 4 - Engineers Service	Vote 5 - Community Services	Total
R thousand	1						
Revenue By Source							
Property rates		–	30 162	–	–	–	30 162
Property rates - penalties & collection charges		–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	63 410	3	63 413
Service charges - water revenue		–	–	–	10 984	–	10 984
Service charges - sanitation revenue		–	–	–	13 812	–	13 812
Service charges - refuse revenue		–	–	–	–	7 621	7 621
Service charges - other		–	–	–	–	10	10
Rental of facilities and equipment		114	86	–	–	711	912
Interest earned - external investments		–	–	450	–	–	450
Interest earned - outstanding debtors		–	–	1 300	–	–	1 300
Dividends received		–	–	–	–	–	–
Fines		–	–	–	–	3 019	3 019
Licences and permits		–	–	–	–	–	–
Agency services		–	–	–	–	2 185	2 185
Other revenue		–	718	209	70	27	1 024
Transfers recognised - operational		–	20 938	2 534	1 708	24 784	49 964
Gains on disposal of PPE		–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		114	51 905	4 493	89 984	38 360	184 855
Expenditure By Type							
Employee related costs		3 565	10 807	10 394	23 444	19 188	67 398
Remuneration of councillors		–	3 526	–	–	–	3 526
Debt impairment		–	–	–	2 425	340	2 765
Depreciation & asset impairment		20	75	370	7 328	1 151	8 944
Finance charges		–	5 030	–	–	1 106	6 136
Bulk purchases		–	–	–	41 848	–	41 848
Other materials		2	–	1	1 459	57	1 519
Contracted services		–	–	–	–	–	–
Transfers and grants		1 360	330	–	–	–	1 690
Other expenditure		2 398	5 004	9 344	17 136	28 491	62 373
Loss on disposal of PPE		–	–	–	–	–	–
Total Expenditure		7 345	24 771	20 110	93 639	50 333	196 199
Surplus/(Deficit)		(7 231)	27 133	(15 616)	(3 656)	(11 974)	(11 343)
Transfers recognised - capital					11 016		11 016
Contributions recognised - capital							–
Contributed assets							–
Surplus/(Deficit) after capital transfers & contributions		(7 231)	27 133	(15 616)	7 360	(11 974)	(327)

SA32 – List of external mechanisms

The Municipality have none therefore the table is not included

Section 18 - Municipal manager's quality certificate

I Nico Nel, Municipal Manager of Swellendam Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Swellendam Municipality (WC034)

Signature _____

Date _____